The Financial Times, May 20, 1975

FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Belfast court escape: 5 free

Police opened fire as five men escaped from a cell at Belfast Magistrates' Court after they had been remanded on bank robbery and explosives charges. One man was believed to have been hit, but all five managed to get away, despite a big city centre search throughout the afternoon.

The five, all Republicans in their twenties, escaped by prising open a skylight, climbing onto the roof and scaling a barbed wire fence into an adjoining fire station yard. As they ran out into the main street, they were spotted by duty policemen at the court's main entrance. They gave chase, firing a number of shots.

Sixty Republican prisoners in Crumlin Road jail, Belfast, are refusing food in protest at "the unwarranted harassment and degrading searches of visitors by the prison authorities."

U.S. apology for Thailand

The U.S. officially apologised to Thailand for involving it in the Mayaguez rescue operation against its wishes. At the same time, Cambodia seemed to offer Thailand an olive branch, issuing a communiqué which said: "We want our country and Thailand to get closer and closer in the future—without any reservations." In Saigon, the Military Management Committee completed its takeover of British property and companies.
Page 8

Embargo move aids Kissinger

U.S. Senate voted 42-39 to lift a three-month embargo on arms shipments to Turkey, giving Dr. Henry Kissinger a show of support he had sought before his visit to Ankara this week. But the House of Representatives must also lift the embargo before the move becomes effective, and has no plan at the moment to take a new vote on the issue. Greece and Turkey try to settle quarrels, Page 6

Car test fees

Environment Department is planning to increase "MOT" test fees by 25 per cent. by June 6. The fee for a test on a small car or van would go up to £2.04 and on a motor-cycle to £1.19.

Foreign cash rush

Holidaymakers planning trips abroad are rushing to get foreign currency well ahead of their departure dates to escape the full impact of the fall in sterling.
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OECD talks

Mr. Emil van Lannep, OECD secretary-general, had a day of talks in London with Mr. Wilson and senior British Ministers including Mr. Healey and Mr. Callaghan. They discussed next week's Ministerial meetings of the OECD and the International Energy Agency.

Briefly . . .

Trade Minister Peter Shore flew to Moscow to discuss long-term Anglo-Soviet trade. He is expected to meet Soviet Premier Alexei Kosygin.

Japan's former Premier Eisaku Sato was unconscious with cerebral apoplexy after collapsing at a business meeting

Government proposals to streamline Commons business are likely to be put to the House before it breaks up for the summer recess. Parliament, Page 13

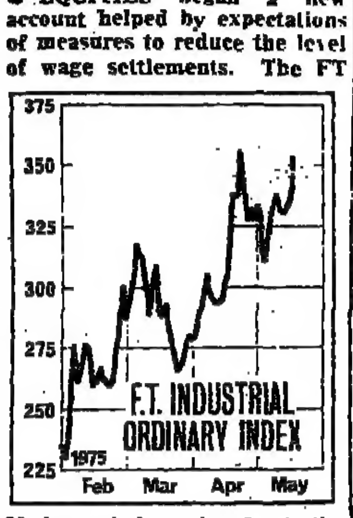
Sixty wedding guests were killed when the truck in which they were returning from a party was in collision with an express train on an unmanned level crossing in Western India.

Explosion in a refugee camp on the Bethlehem-Hebron road in the Israeli-occupied West Bank, killed a mother and daughter.

BUSINESS

Equities up 12; Gilts are firmer

● **EQUITIES** began a new account helped by expectations of measures to reduce the level of wage settlements. The FT



30-share index closed at the day's best, gaining 12 points to reach 353.8. The FT Actuaries All-share index closed at 148.02, its highest for 15 month.

● **GILTS**, particularly shorts, gained firmness from the continuing trend to lower U.S. interest rates. Closing gains extended to ⅜. Mediums put on ¼ but longs were unchanged, restrained by the record rise in the retail price index.

● **STERLING** weakened slightly in quiet dealings, with most Continental centres on holiday. Its weighted fall was 25.0 (24.9) per cent., dollar's was 6.60 (6.53) per cent. £ was up 10 points at $2.3035.

● **GOLD** rose $2¼ to $16[illegible] in small business.

● **WALL STREET** closed almost unchanged, up 0.08 at 837.69.

● **PLANS** for reintegration of the franc into the currency "snake" will be put to EEC Finance Ministers in Brussels.
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Dutch to buy secondary bank

● **NORTHERN COMMERCIAL TRUST**, which has received support of more than £30m. from the big banks, is being bought for £2.5m. by Algemene Bank Nederland.
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● **COMPANY DISCLOSURE** is being considered by the Government and a Bill may be introduced in the next Parliamentary session covering directors' reports.

● **NEW YORK** City officials were attempting to persuade major commercial banks to underwrite a $280m. short term issue, after cancelling its plan to auction the notes on the open market
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● **ARAMCO** consortium representatives to-day resume talks with the Saudi Arabian Government on the future of oil companies operating there.
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● **WEST GERMAN** company is to build a £20m. steel plant at Hunterston for BSC, provided most of the equipment is manufactured in the U.K.
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● **ALLEGATIONS** of dumping, mainly against the Far East and Eastern Europe, have been growing, reports the Department of Trade. Most complaints come from British timber, motor and textile manufacturers.
Page 9

● **SEALED MOTOR** Construction yesterday received two take-over bids—one worth £2.6m. from Myson Group, and the other from Adwest Group. The Board is recommending the second. Myson already has a 13 per cent. stake. Page 28, Men and Matters, and Lex

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated)

RISES

Allied Breweries	68½	+ 4½
Assoc. P. Cement	163	+ 7
BSR	80	+ 7
Beecham	293	+ 11
Boots	272xd	+ 12
Bats	328	+ 14
Brit. Home Stores	370xd	+ 13½
Cavenham	132	+ 7
Courtaulds	123	+ 7
DRG	129xd	+ 7
EMI	191	+ 8
Furness Withy	205xd	+ 9½
GEC	123	+ 8
Gestetner "A"	169	+ 9
Gieves	50xd	+ 16
Grand Met.	64	+ 5
Guardian Royal	213	+ 15
GKN	256	+ 14
Hanson Trust	152	+ 11
ICI	272	+ 10
Lloyds Bank	234	+ 10
Long John Intl.	125	+ 13
Lonrho	159	+ 9
Marks & Spencer	238	+ 7
Rank Orgn. "A"	175	+ 10
Reed Intl.	286	+ 17
Rolls-Royce Motors	61	+ 6½
Samuel (H.) "A"	173	+ 18
Sealed Motor	45	+ 11
Stonehill	91	+ 8
Sun Alliance	470xd	+ 23
Trafalgar House	115	+ 7
UDS	109	+ 7
Deelkraal	90*	+ 17
Durban Deep	£12¼	+ 1¼
Tanganyika Cons.	203	+ 15
Ventersport	960	+ 100

FALLS

Booth Intl	28	− 4
O.K. Bazaars "A"	730	− 40
London Tin	185	− 7

* Premium

(FT stock Indices and FT-Actuaries summary Page 37.)

BSC abandons plan to cut 22,000 jobs

BY HAROLD BOLTER, INDUSTRIAL EDITOR

THE BRITISH Steel Corporation last night abandoned its plan to achieve a reduction of 22,000 in its manning levels compulsorily, after talks lasting ten hours with steel industry union leaders.

Instead, the unions and the BSC management have agreed to try a different approach to cost savings which would involve changes in overtime, recruitment, plant loading and other practices.

...The unions will clearly regard the agreement reached late last night as a victory. Indeed, one union leader commented as he left the meeting: "Sir Monty Finniston said there would be 20,000 redundancies, but that threat has now been withdrawn and there will be no closures.

Nevertheless, Mr. Bob Scholey, the BSC's chief executive who led the corporation's management team at the talks, made it clear afterwards that cash savings of up to £100m. on employment costs were still being sought this year.

This would go some way to meet the burden of an estimated deficit of more than £200m. during the 1975-76 financial year.

In a joint statement from the corporation's management and the TUC steel committee, it was announced that all unnecessary overtime working is to be eliminated within the corporation, though, in return, the unions will be making sure that the use of outside contractors is also kept in check.

Both sides also agreed that the current level of absenteeism in the corporation, running at 14 per cent., of which about 5 per cent is voluntary absenteeism, has to be reduced by positive joint action. The intention here is that the labour pools of around 3,000 men which have been set up in the past to cover this absenteeism should be run down.

There will also be a more rigorous control of recruitment, the only exceptions being special cases, such as the need to continue the intake of school-leavers.

Maintained

The guaranteed working week agreement operated in the industry is to be maintained, although in some cases shift working arrangements will be changed and holiday arrangements may also be modified after local discussion to suit particular operating situations.

There may also be local agreement for workers to take extra holidays without pay if they want to do so.

The corporation's management is also attaching considerable importance to the decision by the steel unions to accept voluntary redundancies.

This acceptance though is subject to the qualification that voluntary redundancies will only be accepted where it is mutually agreed that overmanning exists and there has been full consultation with the appropriate unions at local level. This consultation will be eased by the BSC offering voluntary early retirement with accrued pension entitlement under the appropriate pension schemes.

In detail the two sides have also agreed on the following plant loading levels, at individual works:

At Clyde iron works in Scotland, one blast furnace will be taken off stream in July and the works will then operate on one blast furnace.

The Clyde Bridge and Lanarkshire open hearth plants will be phased down to the stage where there will be only one open hearth furnace in production at each plant

Because of the retention of steelmaking at Clyde Bridge and Lanarkshire steelmaking at Ravenscraig in Scotland will also be reduced to a level which requires one blast furnace operation.

At Shelton in Staffordshire, ironmaking will be reduced to a minimum and steelmaking and continuous casting will be geared to the reduced level of mill demand. On the other hand, it has been decided to speed up development work on the electric arc furnace project planned for Shelton.

Closures in Ebbw Vale in South Wales will be limited to the 1,000 this year which Lord Beswick, Minister for Industry, has already agreed in his review of the BSC's longer-term closure proposals.

At East Moors, Cardiff, iron and steelmaking will continue at a level necessary to support the reduced order load on the billet mill there.

Review

The management and the unions have decided that the measures agreed last night will be subject to regular review by the two sides to ensure that the results anticipated are actually obtained. The first of these review meetings is likely to take place in a month's time.

The trade union delegation was led by Mr. Bill Sirs, incoming general secretary of the Iron and Steel Trades Confederation, Mr. Hector Smith, general secretary of the National Union of Blastfurnacemen and Mr. John Boyd of the AUEW.

Picture, Back Page

Pay rise rate still at 30%

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

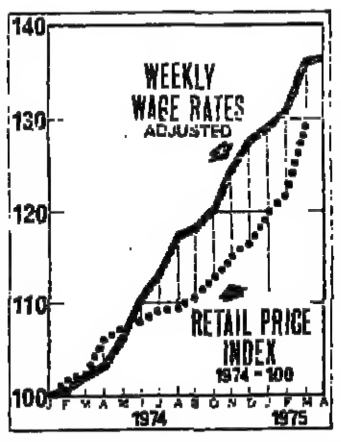
WAGE RATES continue to run at over 30 per cent. above last year's levels, but the increase in short-time working is having an [illegible] on the levels of take-home pay.

This is shown by the wage and earnings statistics published by the Department of Employment yesterday. The figures suggest that there is a lot more pressure from high wage costs which has still to feed through into prices.

In April alone the wage rate index went up by only 0.1 per cent., the smallest increase for a long time.

But this is nowhere near indicative of the real trend. It reflects the protracted pay negotiations between railwaymen, electricity manual workers and general printing unions and their employers, whose settlements would normally have shown up in the April index. The eventual settlements will be backdated to April after which the index will show a larger rise.

As it is, even before these revisions the wage rate index for April shows a rise of 31.7 per cent. above the level 12 months earlier, compared with the 21.7 per cent rise in the retail prices index over roughly the same period.



It was against the background of this wide disparity between actual wage increases over the past year and what would have occurred with strict adherence to the social contract that Mr. Denis Healey, the Chancellor, said at the week-end: "I hope the Government will be taking measures shortly to ensure that the rate of wage inflation next year is a good deal lower than it has been in the past year."

It has for some time been the Government's theme that large wage increases are now the main factor behind domestic price increases, and that an inevitable consequence will be for many workers to be priced out of jobs.

Part of this process shows in the figures for average earnings, which lag a month behind the wage rate information. In March the seasonally-adjusted earnings index rose 1.4 per cent. (to 212.8, base January 1970=100) where it was 27.9 per cent. above the level a year earlier.

Both the year-on-year earnings figures and the movement in recent months taken at an annual rate suggest that the lack of overtime opportunities and the spread of short-time working are having their effect on take-home pay, as opposed to official rates.

The staff of the Confederation of British Industry is forecasting an easing in the annual rate of both wage earnings and consumer prices as the payment of cost-of-living "thresholds" disappears from the system and mounting unemployment influences the climate of wage bargaining.

From what is already in the pipeline the CBI forecasts that things will get worse before they get better—the annual rate of consumer price increases will rise in both the current and the third quarter, after which a deceleration is envisaged.

RETAIL SALES

		Value index (seasonally adjusted 1971 = 100)	% change in value over 12 months
1972		105.8	
1973		110.7	
1974	1st	109.8	+11
	2nd	107.3	+15
	3rd	111.0	+18
	4th	111.6	+18
1975	1st	111.5	+22
	Jan.	113.0	+22
	Feb.	112.3	+22
	March	109.4	+21
	April	117.5*	+31

* provisional

● The provisional index of retail sales for April shows the expected sharp increase as a result of the pre-Budget and pre-VAT buying spree. In value terms sales ran 31 per cent. up on April last year, and in volume terms sales shot up between 7 and 8 per cent. from March to April.

As expected, the main increases were in spending in durable goods shops, off-licences and jewellers.

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AUEW vote decision appeal

BY ROY ROGERS, LABOUR CORRESPONDENT

THE NATIONAL EXECUTIVE of the Amalgamated Union of Engineering Workers has been asked to reverse the decision which declared two moderate delegates ineligible to take part in the controversial vote to abandon the postal voting system for electing AUEW officials.

Mr. John Weakley, one of the two Welsh delegates disfranchised by the executive over a technicality, has sent a written appeal to the executive which may be considered at to-day's weekly meeting.

If the appeal succeeds it could mean a reprieve for the postal system, which otherwise would be abandoned at the end of the year in line with last week's decision of the union's rules revision conference. This was carried by the casting vote of the union's Left-wing president, Mr. Hugh Scanlon, after the erasing of the two Welsh votes left delegates evenly divided.

Mr. Scanlon's action has provoked a major political row in the union, which had been drifting steadily toward the Left until the postal balloting system reversed that trend.

If the decision to return to the old system of voting at branch meetings stands, then the Left, which has had a poor showing in postal elections, expects to win back some of its influence. But this will be too late to affect the election for the key post of general secretary, the results of which will be announced to-day, with staunch anti-Communist executive member Mr. John Boyd expected to come out on top of Left-wing executive member Mr. Bob Wright.

Last night Mr. Weakley said his appeal to the executive was on the grounds that he was eligible to vote at the rules revision conference. The local, area and divisional AUEW committees had elected him and the move to disbar him from the conference effectively disenfranchised the entire 70,000 Welsh members of the union.

If the executive turned down his appeal and he thought it was for political rather than rule-book reasons, then he would consider further action, including legal action if necessary.

The other delegate involved in the row is Mr. Graham Healy of Ebbw Vale. He was the first to be declared ineligible because his re-election as a district president was overdue. A second man sent as a replacement was also disqualified from voting for technical reasons.

The union executive then decided that as the AUEW divisional committee which sent Mr. Weakley had included these two men, he too should be disqualified.

In addition to Mr. Weakley's appeal, a separate appeal has been sent to the executive from Mr. Tal Lloyd, AUEW South Wales divisional organiser.

● Leaders of the Right-wing and Centre Manifesto Group of Labour MPs tabled a Commons motion—aiming at 50 signatures by this morning—urging the Government "in the interests of maximum democratic participation, to introduce legislation to ensure the provision of financial aid for postal ballots in trade union elections."

£ in New York

—	May 19	Previous
Spot	$2.3030-3045	$2.3025-2.3035
1 month	1.30-1.25 dis	1.20-1.10 dis
3 months	3.65-3.50 dis	3.65-3.55 dis
12 months	12.85-12.70 dis	13.00-12.80 dis

Wilson plea to unions over wages

BY JOHN BOURNE, LOBBY EDITOR

THE PRIME MINISTER last night made one of his most impassioned appeals to the trade unions to exercise wage restraint for the sake of the lower paid. Speaking in Limehouse, he said: "The idea of one nation means that the big and powerful—the big battalions—should show restraint in the use of their industrial muscle at the expense of those less able to help themselves. This is, above all, important at a time of unparalleled economic problems."

Mr. Wilson said he was proud that at the first meeting of the TUC-Labour Party Liaison Committee early in the 1970s it was the trade union movement which insisted that number one priority for them and the party should be a new deal for the pensioner.

When the trade unions insisted on that it was seen as an act of unselfishness: they were ready to make sacrifices from the current earnings they could stand out for, to make life easier for those who had served the community in the past.

"But the value of those benefits to the pensioner, the sick and the disabled is placed in peril by inflation. Their share of the national product grows smaller if the fit and the powerful take more than is fair and right. It is the law of the jungle which stipulates that only the fit shall survive."

Mr. Wilson said it was vitally necessary that those who had the power should be restrained in its use, for inflation was not only the father and mother of unemployment, but of social injustice.

"We must not throw away the achievements for which the Labour movement fought," he added, "by any failing on our part, by hasty action, unthinking use of industrial or political muscle or lack of consideration for those we are in power to help most of all.

"Were that to happen, I should not like to think of the judgment on this generation passed by our successors and their children in the coming years—that we had inherited so much and proved unworthy of that inheritance."

Earlier the Prime Minister and senior Cabinet colleagues responded favourably to the proposals for a revised form of voluntary wage restraint outlined by Mr. Jack Jones, general secretary of the Transport and General Workers' Union, at the week-end.

Although Mr. Wilson does not underestimate the likely hostility of unions representing higher paid workers—including the Amalgamated Union of Engineering Workers—he told a meeting of the TUC-Labour Party liaison committee in the morning that Mr. Jones' suggestion of a common flat rate increase geared to the cost of living and national average earnings was preferable to the present pattern of wage settlements.

This pattern, he added, was inflationary because the higher paid workers insisted on the same percentage increase on their wage rates as that granted to the lower paid, thus widening the differentials.

Mr. Hugh Scanlon, president of the AEUW, was not present, but Mr. Denis Healey, Chancellor of the Exchequer, is reported as saying that Mr. Jones's general proposal was "very interesting" and seemed "rather acceptable."

Members of the TUC Economic Committee, including Mr. Jones and Mr. Scanlon, are due to meet Mr. Healey to-morrow when they will discuss the recent Budget and seek action to halt rising unemployment and the introduction of selective import controls.

Another senior Minister, Mrs. Barbara Castle, Secretary for Social Services, said at yesterday's meeting that what was needed was a "new motivation" among rank-and-file trade unionists.

All Ministers and all trade union leaders, she added, should stump the country urging workers to recognise that the fight against inflation was "their battle" and not something which could be won by the TUC or the Government alone.

Mrs. Castle is also reported to have stressed that if wage inflation went on rising at its present fast rate and the investment yield of many pension funds continued to remain "negative"—that is failing to keep pace with inflation — then the funds would be undermined beyond help. The funds she was referring to are those whose pensions are geared to the "final salaries" of their contributors.

The discussion of the Jones proposal was incidental to the main business of the meeting, which was to consider a TUC-Labour research paper arguing the case for the proposed National Enterprise Board to have £3bn. at its disposal for buying into industry, instead of the £1bn. proposed in the Industry Bill.

Mr. Ian Mikardo, one of the Left-wing leaders of the party's National Executive, told the meeting that the Industry Bill had been emasculated.

Mr. Mikardo is said to have commented bluntly that the present Government appeared to be doing more "crawling" to the City than any other administration had done.

No decisions were taken on the document yesterday. It will be taken "into account" by the Labour Party and the TUC and by further meetings of the liaison committee.

Last night, Mr. John Pardoe,

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FEATURES

ON OTHER PAGES

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LOMBARD

The threat from EEC exports

BY C. GORDON TETHER

ANTI-MARKETEERS obviously have commonsense on their side when they say that—if Britain herself wants it—the other EEC countries will almost certainly be more than willing to arrange for her continued participation in the free trade system which the Common Market is operating in conjunction with EFTA in the event of the referendum producing a "no" vote. For them to refuse to do so would be to make themselves look absurdly vindictive, seeing that the Anglo-EEC trade balance is running so much in their favour.

The real question now is whether we ourselves should seek such an accommodation. In other words, can we, in our present weakened state go on allowing unfettered access to the British market for EEC goods once we are outside the Community — or even, for that matter, if we stay inside it?

After all the brain-washing about anti-Marketism being just another manifestation of Left-wing militancy that has gone on during the past few weeks, those who watched the BBC's Mid-Week discussion on the sovereignty aspect of EEC membership last week were doubtless astonished to discover that opponents to British entry include Professor Robert Neild — a politically respectable economist who was formerly adviser to the Treasury and now teaches economics at Cambridge University.

Disaster

But if that made his intervention interesting, what made it even more so was that he was actually to be seen propounding the view—in contradistinction to what all the bankers, industrial chiefs and like-minded politicians are telling us—that it is by staying in the Community, rather than by coming out of it, that we shall be inviting disaster. Why? Because the restrictions membership imposes on our sovereignty could make it impossible for the British authorities to restrain EEC competition within the British market to the extent needed to permit the rehabilitation of our badly-run-down industrial structure.

What Professor Nield contends is that, unless we are free to maintain a sizeable tariff—that is of the order of 25 per cent.—on EEC exports to Britain for as long as five years or more, there can be little hope of preventing this debilitation continuing.

That is not, of course, the same thing as wanting to establish a "siege economy" of the kind pro-Marketeers accuse their opponents—without any justification—of having set their hearts upon. For the proposed de-liberalisation would be designed solely to help the U.K. contend with the special threat to its well-being implicit in the immense industiral power developed by the EEC countries in general and Germany in particular. And the corollary of such a move would obviously be to make every effort to expand trade with all other parts of the world.

However, it does represent an important deviation from the standard anti-Market theme on EEC trade. For this is based on the assumption that the trading relation between Britain and the Community will not be significantly changed by a British withdrawal, inasmuch as Britain will be happy to let the present free trade arrangement roll on and the other EEC countries will be only too pleased to indulge us on that point.

The realities

Nonetheless it may well be a deviation from accepted anti-Market theology that pays much greater regard to the realities of the situation. It is, after all, abundantly clear that British industry's ability to cope with the increasingly fierce competition from its rivals on the other side of the Channel has not been helped by the so-called "dynamic effects" of entry into the Common Market in either the immediate or the more basic long-term sense. And no one has explained why on earth we should expect our experience to be materially different in the future from what it has been during the past two and a half years.

Yet, unless we can materially change this situation for the better, we are not only going to see the deficit in trade with the other EEC countries remaining at its present formidable level of £2bn.—or going to even dizzier heights. We must also expect the problem of getting our industry rehabilitated to the point where it can hold its own against such formidable competition remaining as far from a permanent solution as ever.

The implication is that, whether we stay in the Common Market or come out of it, the first thing we have got to do after June 5 is to seek a reshaping of the industrial free trade area arrangement that will shelter us from EEC competition while we rebuild our industrial base—competition that may otherwise carry this country's de-industrialisation beyond the point of no return.

RACING — BY DOMINIC WIGAN

Easy task for Red Regent

PETER WALWYN and Pat Eddery both have a high regard for Sir Douglas Clague's Red Regent, who somewhat surprisingly failed to qualify for a place in last season's two-year-old free handicap, and I shall be surprised if the result of this afternoon's William Lawrence Centenary Trophy (3.30) over one-and-a-quarter miles at Nottingham changes their opinion of this three-year-old.

Here Red Regent, a bay colt by Prince Regent out of Redowa, an own sister to St. Alphage and Yellow God, appears to have an easy task against his sole opponents, Golden Rock and Ribellaro.

After finishing a close third behind Blagoslav and Top Level, to both of whom he was trying to concede weight, when getting a far from good run in Newmarket's Heath Handicap at the Guineas meeting, Red Regent was sent to Chester for the City Handicap.

The Seven Barrows representative could hardly have been more impressive on the tight Chester track—making all his own running, Red Regent raced clear of his field at the distance to beat Ribellaro to whom he was giving 5lb. by five lengths—a distance which could well have been extended had Eddery so wished.

Red Regent, a fine, well-grown individual, who has apparently made well above average improvement over the winter,

NOTTINGHAM
2.30—Fast Music
3.00—Benroy
3.30—Red Regent**

GOODWOOD
2.00—Charville
2.30—Alanrod***
3.00—Company Sergeant
3.30—Taros*
4.00—Moor Lane
4.30—Toussaint

LUDLOW
3.15—Forest Rock
3.45—Equivocal

appeals as a safe proposition. Ribellaro, only 5lb. better off for that defeat, is, nevertheless, preferred to Golden Rock for the forecast.

While Red Regent is running in the William Lawrence Trophy his stable companion, Taros, will be trying to open his account for the season in another valuable one-and-a-quarter-mile event, the Clive Graham Stakes (3.30) at Goodwood.

Taros, a bay colt by Tudor Melody, out of the Shantung mare, Saraca, did well to run the high-class Jimsun to four lengths in the Earl of Sefton Stakes at Newmarket on his only previous appearance this campaign, and the additional furlong here will suit him well.

Peter Walwyn's colt is opposed by four—Honoured Guest, Peter Prompt, Welsh Harmony and Festival Night. Of these, Lester Piggott's mount, the Newmarket-trained Peter Prompt, appears to be the pick.

Henry Cecil's tough colt kept going particularly gamely when headed a furlong from home in the Ladbroke-sponsored Chester Handicap to take third place behind Record Run and Kafka, to whom he was respectively trying to concede 10 lb and 30 lb. However, at level weights I believe he may find Taros just too good.

Whatever his fate on Peter Prompt I cannot see Piggott failing to leave the course without at least one winner, for Alanrod seems unlikely to be unduly troubled in the Halnaker Stakes (2.30). It was this colt who unshipped Piggott before the Garter Stakes at Ascot recently, a race in which the combination failed by only a head to hold the determined late challenge of Victorian Habit, to whom Alanrod was giving 10 lb.

SALEROOM — BY ANTONY THORNCROFT

Germans bid up maiolica price

ITALIAN MAIOLICA, elaborately painted dishes from Northern Italy produced from around 1480 to 1550, is another market which escaped the downturn in prices in the art world last autumn. A sale at Christie's yesterday confirmed the steady demand for these colourful items, with particularly firm bidding from the Germans, who outpaced the Italians. In all, the sale realised £61,533.

Prices for the best lots were comfortably above forecast. A dish in the shape of a cardinal's hat, lustred by Maestro Giorgio Andreoli around 1527, and depicting the fall of Phaethon, was bought by an Italian dealer, Graffi, for £5,040 (estimate £3,000-£4,000), and a dish showing Diana and Actaeon, bought by Violante almost doubled its estimate at the same price. A Faenza armorial dish of about 1530 went privately for £4,725, just above forecast.

However, the albarello, painted vases from the late 15th-century, perhaps produced in Florence, did less well, probably because they were not always in the best of state. Yet one, depicting a winged leopard, was sold to a private buyer for £4,200, below the target. An unusual item was the neck of a blue and gold lustre vase in the Hispano-Moresque style, made around Valencia about 1460. It was missing both its cover and its bottom but sold to Afort for £2,730.

The first day of a Sotheby's book sale went off very well, making £69,065. As usual, botanical books, with their coloured plates, found enthusiastic bidders, and a complete run of the Botanical Magazine was bought by Quaritch for £9,000, as against an estimate of £5,000-£7,000. The price is hardly surprising since the 180 volumes, stretching back to 1787, contain more than 10,300 coloured plates, and until 1948 they were hand-coloured. The Botanical Magazine has been described as "the oldest current scientific periodical of its kind with coloured illustrations in the world."

Other botanical books did equally well, with Bonpland's "Description des plantes rares cultivées à Malmaison . . .", produced in Paris in 1813, selling for £3,500 (estimate £1,800-£2,500). "Illustrations of British Ornithology, in four volumes with 218 hand coloured illustrations also exceeded its target, at £3,200.

The top price in the Sotheby's antiquities sale was the £3,800 paid for a Nepalese ritual sword of the 17th-18th century, with a reptile skin scabard and mantras inscribed on the blade. A South West Deccan dark grey stone Stele, with carved figures, was bought for £1,900 by the Norton-Simon Foundation, and an Egyptian limestone walking figure of a man (wearing wig and kilt) of the Ptolemaic period fetched £1,550.

Also at Christie's was a routine sale of Oriental ceramics which made £35,248. A. and F. Gordon gave £630 for a pair of cloisonné enamel and bronze barrel shaped garden seats, and the same price was paid by Harris for three famille rose oblong octagonal trencher salt cellars. A famille rose armoria pear-shaped hot milk jug, bearing the arms of the poulterers' company, was acquired by J. Kennedy for £577.50.

There was a wide variety of objects on sale at Phillips. A Chinese grey stone carving of deities 22 inches high sold for £540; a polyphon, or coin in the slot music-box contained in a walnut case, made £360, and, among the pictures, an oil by Edward Atkinson Hornel of a girl gathering wild flowers exceeded its estimate at £1,200.

WINE

Bottles from the Black Forest

BY EDMUND PENNING-ROWSELL

THE PREVIOUS article on the wines of Baden was largely concerned with the form of a trade more dominated by the co-operatives than in any other important German wine area; and it also described the leading grape varieties used throughout a somewhat dispersed wine district.

In fact Baden may be divided into seven wine districts: two in North Baden, the Bergstrasse/Kraichgau and the tiny area of Franconia in Baden; and five in South Baden. On my visit I covered only these latter. The North Baden wines are less important and represent about 20 per cent. of total Baden output.

Charming spa

Those considering a wine tour of South Baden might well start at the celebrated and still charming spa of Baden-Baden, for thence starts the Weinstrasse that runs south through the Ortenau, a slim strip of vineyards on the Black Forest slopes.

This district has a special position in the German wine world for being allowed to bottle three of its wines in special bottles. At Neuweier white wine from the steep Mauerberg may be bottled in the bocksbeutel, otherwise restricted in Germany to Franconia. The reason for this is that a member of the Franconian family of Katzenellenbogen came to Neuweier in the 18th century and, as it were, brought his bocksbeutels with him. Only the still-existing family estate, the adjacent co-operative and one or two small growers on the 50-hectare Mauerberg are allowed to use this bottle, and solely for the Mauerwein. It is unusual in Baden for being produced entirely from the Riesling grape, and has a finer aroma and more distinction than many Baden wines.

Ortenau's other two special bottles are more commercial. First is the red Affental, with a monkey on the moulded bottle. Produced only in three communes it has a slightly sweetish nose, and a hint of burgundy on the taste, being made from the Spätburgunder grape.

Then in neighbouring Kappelrodeck is made what the local co-operative describes as the most celebrated German red wine, though the Assmanshauseners in the Rheingau might not agree. The special granitic soil is said to give the wine its character, and it certainly has more body and flavour than Affental. But the speciality at Kappelrodeck is the hand-coloured witch on the moulded bottle, containing a wine named Hex vom Dasenstein, after a local legend. It is an agreeable wine in spite, some might say, of the bottle. It goes up to Auslese quality.

The two most significant private Ortenau estates are Schloss Staufenberg, owned by Prince Max of Baden, and Schloss Grohl, belonging to a Metternich, as mentioned in the previous article. Both are in the charming village of Durbach. Red, white and rosé wines are produced, but the majority is white.

Near Offenburg (almost opposite Strasbourg) the Ortenau ends and the Breisgau begins, extending down to Freiburg. Like its neighbour it is a narrow band of vineyards on the western slopes of the Black Forest mountains, but less wine is produced than in the Ortenau, and of less distinction. Most of the wine from there is produced in the central co-operative at Breisach, described in the last article.

An enthusiast

One might, however, single out the vineyards planted over the last twenty years or so at Mundingen, not far north of Freiburg, by Otto Sick, now the retired head of the well-known wine-capsuling machinery firm of that name at neighbouring Emmendingen. With the minimum of assistance he cultivates six hectares of maturing vineyards; he is an enthusiast of the type that wine-growing produces the world over.

To the south of the main Breisgau vineyards, and to the west of Freiburg lies the best-known Baden wine district: the Kaiserstuhl, a curiously shaped mountain block of volcanic origin standing up prominently in the Rhine Valley.

The wines are described as softer and rounder than the stronger, harder and drier Ortenaus, although the distinction may be thought fine to the outsider. However, the Kaiserstuhl, and the small associated district of Tuniberg, produces about half the total South Baden output—and the best, the locals would claim.

It contains about 15 wine villages, and in recent years there has been some spectacular new planting in Eichstettin. The leading village for quality is generally reckoned to be Ihringen on the southern flanks, but everywhere vines, often on narrow terraces, cover suitable sites on the mountainsides.

The Kaiserstuhl rises to nearly 2,000 feet above sea level—too high at the top for vines. The wines are made from the traditional local grapes already mentioned, and are fruity if a shade on the heavy side for tastes accustomed to Moselles and the more northerly German wines. The fault of many Baden wines is that they tend to lack the acidity that provides crisp freshness.

Territorially the Markgräflerland is the largest vineyard area of South Baden, for it runs from south of Freiburg, and down the western edge of the Black Forest to the Rhine frontier with Switzerland; but its production is about half the Kaiserstuhl's, and rather less good, though there are exceptions.

One certainly is the small but old family estate of Emil Marget in Hügelheim, now run by Herr Reiner Marget. He specialises in wine made from a relatively new crossing of Gutedel and Sylvaner called the Nobling. The Gutedel (or Chasselas) is in Germany planted only in the Markgräflerland, where it represents 65 per cent. of all grapes planted.

The Nobling produces a small but superior crop in special sites like Marget's, and I found it a big-bodied wine of character and flavour. Herr Marget is another dedicated wine-growing enthusiast. Indeed he needs to be, for last year's spring frost cost him 85 per cent. of his normal crop.

Quite detached, and involving a substantial journey through the attractive and extensive Black Forest, are the Lake Constance (Bodensee) wines. They account for only about 2 per cent. of South Baden wine production, or 20,000 hl; but last year they made only 11,000 hl. They are centred around the two co-operatives of Hagnau and Meersburg, where there is also a small state domain and the dispersed estate of Prince Max of Baden, centred on Salem's splendid 17th century brick-vaulted cellars.

I found these Salem wines from neighbouring Kirchberg, Bermatingen and Birnau among the most attractive in all Baden, for they tend to be lighter in alcohol, with more acidity and so crisper than many others. Otherwise, in an area tending to be dominated by sweet-toothed holiday-makers, the Constance wines, nearly all consumed locally, tend to be on the sweet side.

Devotion

The Black Forest region is celebrated for another kind of alcohol: the widely distilled fruit eaux-de-vie, but these deserve a separate article. Summing up the Baden wines, they are most likely to be best appreciated in the delightful country-side of this south-west corner of Germany, and they are another good reason for crossing the Rhine from France or Switzerland. They are not great wines, but they are made with the skill and devotion to science that marks out German wine production. That most are consumed locally and in Württemberg and are on the expensive side are bars to their export; plus, of course, the high standing of the mark in relation to the pound. But it is only fair to say that they are usually less dear and better value than a good deal of Liebfraumilch shipped from further down the Rhine.

TV Radio

† Indicates programme in black and white.

BBC 1

9.38 a.m. For Schools, Colleges. 12.30 p.m. Y Llygad Craff. 12.55 News. 1.00 Pebble Mill. 1.45 Ring-a-Ding. 1.50 Thomas. 2.02 For Schools, Colleges. †3.58 Regional News. 4.00 Play School. 4.25 Huckleberry Hound. 4.30 Pixie and Dixie. 4.35 Jackanory. 4.50 Valley of the Dinosaurs. 5.15 Animal Magic. 5.40 Roobarb.
5.45 News.
†6.00 Nationwide.
6.55 The Little House on the Prairie.
7.40 Sykes.
8.10 The Rockford Files.
9.00 News.
9.25 KGB: the Soviet Secret Police.
10.25 Going Places.
10.55 Midweek.
†11.28 Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.15-5.40 p.m. Bilidowcar. 6.00-6.55 Wales To-day. 6.55-7.10 Heddiw. 7.10-7.40 Y Gwyddonwyr Ifainc. 7.40-8.10 Dad's Army. 10.25-10.55 Welsh Dance Theatre. †11.28 News of Wales.

Scotland—6.00-6.15 p.m. Reporting Scotland. 6.15-6.25 General Assembly Report. †6.25-6.55 Nationwide. 10.25-11.15 Churchill's People. 11.15-11.40 General Assembly Report. †11.40 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.55 Scene Around Six. 10.25-10.55 Gallery. †11.28 Northern Ireland News Headlines.

England—6.00-6.55 p.m. †Look North (from Leeds, Manchester, Newcastle): †Midlands To-day (from Birmingham): †Look East (from Norwich): Points West (from Bristol): †South To-day (from Southampton): †Spotlight South-West (from Plymouth). 10.25-10.55 North (from Leeds) Our Dad's War; North-West (from Manchester) Ballad of the North-West; North East (from Newcastle) Quite a Life; Midlands (from Birmingham) The Garden Game; West (from Bristol) A Question of Money; South-West (from Plymouth) Peninsula; South (from Southampton) Greggy; East (from Norwich) On Camera.

BBC 2

†6.40 a.m. Open University.
11.00 Play School.
†5.00 p.m. Open University.
6.40 Model World.
†7.05 Open University.
7.30 News Summary.
7.35 The Book Programme.
8.00 Controversy.
†9.00 Images of Childhood: "The Night Of The Hunter," starring Robert Mitchum.
10.30 Those Magnificent Flying Machines.
11.00 News Extra.
11.25 Closedown: Gabriel Woolf reads "A Poem is Precious" by Hannah Kelly.

LONDON

9.30 a.m. Schools Programmes. 12.00 Hickory House. 12.15 p.m. King Wilbur III. 12.30 West Country Fare. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 Emmerdale Farm. 2.00 Good Afternoon. 2.30 Rooms. 3.00 The World Championship of Tennis. 3.55 Quick on the Draw. 4.25 Shang a Lang. 4.50 How. 5.20 The Flintstones.
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
†6.50 Tuesday Star Movie: "Roman Holiday," starring Gregory Peck and Audrey Hepburn.
9.00 Edward the Seventh.
10.00 News.
10.30 Home International Championship: Scotland v. Northern Ireland.
11.30 Checkmate.
12.00 Against the Odds.

All IBA Regions as London except at the following times:—

ANGLIA

[illegible]

ATV MIDLANDS

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible] Chuckleheads. 5.20 Crossroads. 6.00 Granada Reports. 6.35 University Challenge. 7.05 Road Runner. 7.10 Suspense Movie: "Who Killed the Mysterious Mr. Foster," [illegible]

HTV

[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1

247m

[illegible]

RADIO 2

1,500m and VHF

[illegible]

RADIO 3

464m, Stereo & VHF

[illegible]

RADIO 4

434m, 330m, 285m and VHF

[illegible]

BBC Radio London

206m and 94.9 VHF

[illegible]

London Broadcasting

261m and 97.3 VHF

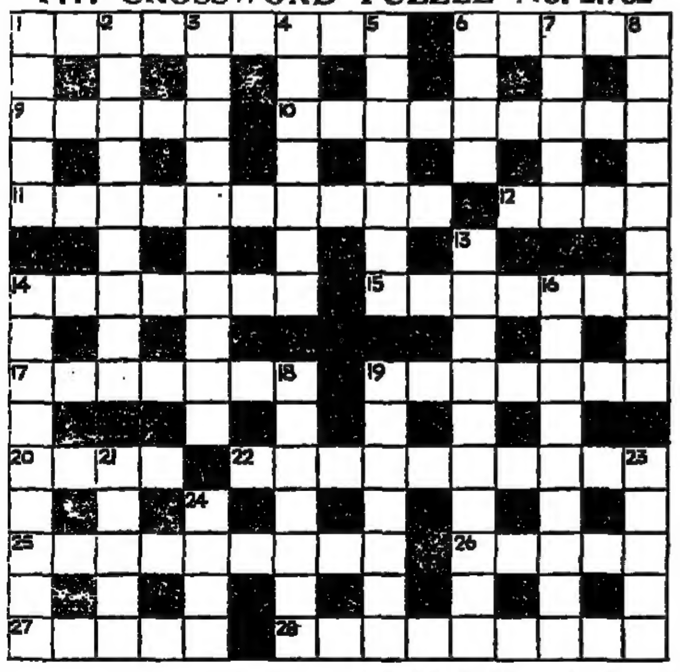
[illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 2,782



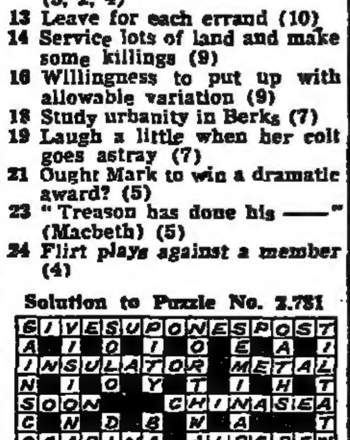
ACROSS

1 Sitting room for invalid motion (4, 5)
6 Leg-pulling over 22's cuttings (5)
9 Soothe student going in to rescue (5)
10 Paint pub with discrimination (6, 3)
11 Be quick to watch the dicky-bird (4, 6)
12 Railways certainly go to home of accommodating vicar (4)
14 Maybe I cod mum just a little bit (7)
15 Pick artist for Greek tragedy (7)
17 Out-worker expected to score goals (7)
19 Rolled up by chance at Arthur's Seat (7)
20 A negative is developed presently (4)
22 He's only nominally responsible for a forage merchant (3, 2, 5)
25 Turf expert operating 10? (9)
26 Barrister found outside the Bull (5)
27 Take off on journey south (5)
28 Not worn out by strike in urban conservation area (5, 4)

DOWN

1 Herb or some other boy (5)
2 A lot to expect from the high command (4, 5)
3 Pin-ups presented with some delicacy in Cheshire (10)
4 Bill has right to applause (7)
5 Fall back right to the Spanish end of church (7)
6 Driver going to recreation centre (4)
7 Cautious warning for girl for ever making novel appearance (5)
8 Make up to youth leader a bit as far as I'm concerned (3, 2, 4)
13 Leave for each errand (10)
14 Service lots of land and make some killings (9)
16 Willingness to put up with allowable variation (9)
18 Study urbanity in Berks (7)
19 Laugh a little when her colt goes astray (7)
21 Ought Mark to win a dramatic award? (5)
23 "Treason has done his ——" (Macbeth) (5)
24 Flirt plays against a member (4)

Solution to Puzzle No. 2,781



COMPANY NOTICES

NESTLÉ ALIMENTANA S.A.

CHAM and VEVEY

SWITZERLAND

PAYMENT OF DIVIDEND COUPONS

Notice is given to shareholders that following a resolution passed at a General Meeting of shareholders held on 15th May 1975, a dividend for the year 1974 will be paid to them as from 20th May 1975, as follows:

per share	Frs. 65.—
less Swiss federal tax of 30%	Frs 19.50
or net	Frs. 45.50

against delivery of coupon No. 18.

This amount is payable in Swiss francs. Paying Agents outside Switzerland will pay in the currency of the country in which the coupon is presented, at the rate of exchange on the day of presentation.

Coupon No. 18 accompanied by a list of share numbers, may be presented as from 20th May 1975, at the following Paying Agents of the Company:

In Switzerland:

Swiss Credit Bank, Zurich, and its branches,
Swiss Bank Corporation, Basle, and its branches,
Union Bank of Switzerland, Zurich, and its branches,
Banque Populaire Suisse, Berne, and its branches,
Banque Cantonale Vaudoise, Lausanne, and its branches and agencies,
Banque Cantonale de Zurich, Zurich, and its branches,
Banque Cantonale de Berne, Berne, and its branches,
Banque Cantonale Zougoise, Zoug, and its branches,
Banque de l'Etat de Fribourg, Fribourg, and its agencies,
Darier & Cie, Geneva,
Lombard, Odier & Cie, Geneva,
Pictet et Cie, Geneva,
Handelsbank in Zürich, Zürich.

In England:

Swiss Bank Corporation, London.

In the United States of America:

Morgan Guaranty Trust Company of New York, New York,
Swiss Credit Bank, New York,
Swiss Bank Corporation, New York.

In France:

Crédit Commercial de France, Paris,
Banque de Paris et des Pays-Bas, Paris.

In Germany:

Dresdner Bank A.G., Frankfurt/Main and Düsseldorf.

In Holland:

Pierson, Heldring & Pierson, Amsterdam.

In Austria

Girozentrale und Bank der österreichischen Sparkassen A.G., Vienna.

Cham and Vevey,
15th May 1975 — The Board of Directors

UNILAC, INC.

PANAMA

PAYMENT OF A DIVIDEND

Notice is given to shareholders that following a resolution passed by the Board of Directors on 5th May 1975,

a dividend for the year 1974 of $3.75

per common share will be paid to them as from 20th May, 1975 upon delivery of coupon No. 18 and this in accordance with the provisions of the Articles of Incorporation.

This dividend is payable in U.S. dollars. Paying Agents outside the United States will pay in the currency of the country in which the coupon is presented, at the rate of exchange on the day of presentation.

Coupon No. 18 accompanied by a list of share numbers may be presented as from 20th May 1975, at the Paying Agents indicated in the notice of Nestlé Alimentana S.A. bearing the same date. In accordance with the Articles of Incorporation of the Company, it should be presented for payment at the same time as dividend coupon No. 18 of Nestlé Alimentana S.A. bearing the same number as the corresponding Unilac, Inc. share.

Panama City,
15th May 1975 — The Board of Directors

PERSONAL

New York music

George Crumb

by ANDREW PORTER

Many of George Crumb's earlier compositions had their starting-point in lines of Lorca: in proud, prime, hard earth-imagery, in forceful equine evocations, in gentle yet pungent lament, and sweetly sensual tenderness often associated with children. His *Ancient Voices of Children* (for mezzo-soprano, boy soprano, and a small battery of emotion-evoking devices from a toy piano playing *Bist du bei mir* to an oboist slowly moving into the distance while he sounds the poignant cry from the *Abschied* of Mahler's *Song of the Earth*) has been heard in London; both *Ancient Voices* and *Makrokosmos I* are available on records there. The Musical Times reviewer of the latter (which is on Nonesuch H 71293), a set of 12 pieces for piano, remarks that "To derive much enjoyment from them it is probably necessary to share Crumb's nightmares."

Change "nightmares" to "dreams," and I'd agree. In *Vox Balaenae*, a trio for flute, cello, and piano, Crumb dreamt of unfathomed ocean depths made melodious by the songs of the humpbacked whale. In his three latest compositions, all of which have the title *Makrokosmos*, his gaze has moved to contemplation of the stars, as symbols of immense eternal silence; and beneath them he has then dreamt old, mysterious, romantic dreams. Anyone who moves willingly amid the recurrent shadow imagery of western art is likely to be drawn to Crumb's music: anyone who recognises in both *Beowulf* and *Pelléas* his feeling that mortals move in a small lit area ringed by unknowable darkness; who has spent night watches in Stonehenge and Avebury; in whom Liszt's *Lugubre Gondola*, Boecklin's *Toteninsel*, thoughts of Wagner's funeral, Thomas Mann, Britten, and Charon come together; who makes connections between the Ghost's fat weed on Lethe wharf, the sapless foliage of Shelley's *West Wind*, and (perhaps by way of Verdi's *Falstaff*, where the chorus likens the embalmed darkness of Windsor Forest to a green haven far beneath the waves) the unseen flowers in the wood where Keats heard his nightingale.

Like Tippett, Crumb is an allusive composer. *Makrokosmos I* and *II* form a set of twice 12 piano pieces with poetic titles, recalling Debussy's *Préludes*. The title echoes Bartók. But these, the composer observes in a foreword, "are purely external associations, and I suspect that the 'spiritual stimulus' of my music is more akin to the darker side of Chopin and even to the child-like fantasy of early Schumann." Mozart and Mahler are mentioned and Pascal and Rilke are quoted in that foreword. The Hammerklavier is cited in *Makrokosmos II*, and Bach's D-sharp-minor Fugue in *Makrokosmos III*.

Tippett works by exuberant addition and accretion, Crumb by distillation. He has assembled a personal repertory of delicate, fastidiously distinguished sounds—familiar ones such as singing into the undamped strings of a piano, new ones such as stroking a piano string with "a ½-inch chisel with smooth cutting edge" (which, he rightly observes, "will produce a very delicate sound"), or stimulating a piano into resonance by twanging an African thumb-piano pressed against its crossbeam. He is prepared to use, if not any old trick, at any rate, without inhibition, the finer results of his instrumental experiments. His music always sounds beautiful. His techniques are at once uninhibited and unemphatic.

The results are tender, potently evocative, unmonotonous (because there is such variety of timbre and texture); uncloying (because, unlike, say, Messiaen or Henze, who sometimes create in similar vein, Crumb never goes on too long; he works in small, exquisitely fashioned forms).

Makrokosmos II had its première at one of three piano recitals, in Alice Tully Hall, which Robert Miller devoted to contemporary American music. Mr. Miller is a pianist of uncommon distinction, technically adept, intellectually cogent, persuasive in all he does. Other composers who blossomed under his hands were Ruth Crawford Seeger, Stefan Wolpe (who is being played in New York more and more), Arthur Berger (the tense, arresting Five Pieces), Charles Wuorinen (his Piano Variations, which combine his usual dash and fluent audacity with coherent organisation), and Mario Davidovsky (No. 6, for piano and tape, of his elegant series of *Synchronisms*). The Crumb, more glamorously pianistic, gave full scope to Mr. Miller's romantic mastery of timbres. He played it by heart: he could not do otherwise, for in the score there is "symbolic" notation as the staffs bend into crosses, circles, spirals, etc. A fancy "conceit," but it has a practical effect. So, doubtless, do directions like "eerily, with a sense of malignant evil" and "very slow; like a vision; as if suspended in endless time."

Makrokosmos III, which is also titled *Music for a Summer Evening*, was introduced at one of the *Composers' Showcase* concerts in the Whitney Museum. It began with Book I of Crumb's *Madrigals*—lines of Lorca for soprano (the marvellous Jan DeGaetani), vibraphone, and double-bass. Then his *Lux aeterna*, for soprano, flutist, sitar, and two percussionists, on a darkened stage where a single candle burns. Then *Makrokosmos III*, which employs the forces of Bartók's Sonata for two pianos and percussion and will doubtless become a companion piece to it in recitals.

Five movements—the third and fifth headed by, respectively, the Pascal and Rilke sentences quoted in the foreword of the preceding volumes. Direct musical links with them. The same preoccupations: the starry sky, *le silence éternel des espaces infinis*, the enchanted summer night. The same combination of directions practical ("a vibraslap may be substituted for the *quijada*") and suggestive ("a groaning sound deep in the throat; eerie, uncanny"). Through the final "Song of Reconciliation" there murmurs an "out of the cradle endlessly rocking" figure that many composers have used to evoke the sea, the sea's lullaby, the sea as a symbol of limitless immensity and cradling peace. The Nirvana waves into which the passions of *Tristan* subside, Billy Budd's dream of rest amid the oozy weeds. Aschenbach's embarkation on Plato's "vast sea of beauty" are aspects of the same romantic yearning.

People unresponsive to this music—those who crave no Crumb—complain of harmonic and rhythmic stasis, and many a winding bout of linked sweetness long drawn out. They resist the extra-musical appeals: the evocation of places and poets: the picturesque verbal content of the scores; the use of lighting, costuming, and stage-grouping to enhance the spells of the music. They note that the pieces are formally simple, and care not that the sounds are so subtle, various, and delicately assembled. They are not romantic dreamers.

One of the healthiest features of the American musical scene is the promptness with which major new compositions find their way on to records. *Makrokosmos II* and *Lux aeterna* are due from Columbia, and *Makrokosmos III* from Nonesuch performed by the artists who gave these concerts.

New artistic director for Bristol

Richard Cottrell has been appointed as Director of the Bristol Old Vic next month, in succession to Val May, who has moved to the Yvonne Arnaud, Guildford. Mr. Cottrell is currently director of the Cambridge Theatre Company.

Edward Burra: 'Sunday Morning, Agricultural Arms, Islington.' Watercolour, 1974

Lefevre Gallery

Edward Burra

by WILLIAM FEAVER

Burra locales are all places possessed. In his hands a marvel of twentieth century engineering comes to look like a leftover from prehistory. People show their teeth and coalesce aimlessly. The Yorkshire Dales turn more violent than at any time since 1811 when James Ward settled down to paint Gordale Scar as near life-size as he could make it. Burra's watercolours are also big: large that is for the medium. The latest ones, at the Lefevre, mark no new departure (though I can't remember the Forth Bridge having figured before), no development in style. One of them, "Flowers and Trees" could have been painted 20 years ago: the tiger lilies and honeysuckles are still hungry and the sharpness of definition, the tendency to push the forms towards a heavy, luxury finish, is as strong as ever. As for the two figure studies, taken from the life in the Agricultural Arms, Islington, and somewhere else, vaguely outdoors, these show a remarkable grasp of current social styles, both in tarty pub decor and in the ways hair is worn at present in that part of London.

Burra sits there and observes, as he has done for 50 years, notes the way pints are grasped, the stoicism of the barmen, the impenetrable cool of smart negroes, who have always had a welcome in his work. The artist himself is difficult to spot, since he is a pale, translucent person, seated towards to bottom left of "Sunday Morning, Agricultural Arms." But it must be him, absorbed in the activity and taking note though drawing nothing.

In the great outdoors humanity recedes. Cars pass, and juggernauts, though there's something Scalextric about them which gives them little impact as they beetle over the hump of the Forth bridge. Elsewhere the view is all. Clouds pass in dappled clusters, pouring shadows over the hills. Hawthorns and stone walls crop up conveniently in foregrounds, blocking out much of the paper and thus reducing the amount of distant detail needed.

Burra has perfected a way of treating landscape that makes a scene decorative though not characterless. He has a favourite misty green to suit limestone regions and boggy places. Rocks, clumps of trees and trails of snow on peaks take the place of skulls and rib cages in his earlier work. There's an air of ease and relaxation, a lessening of tension which has brought about a great flow of assurance. This means that some of the paintings in the current crop don't quite succeed in impressing themselves upon the subconscious as a good Burra always should. One in particular, "The Tunnel," a view down a wintry hollow lane, steeply banked, with branches wavering overhead, seems designed to be spooky in a mildly surrealist way, but the treatment is too diffuse to allow it.

Elsewhere though Burra's technique holds up splendidly. Memories and fresh sensations overlap, and obvious scenes are still somehow contrived to look more than mere tourist spots and standard views. Burra's countryside is remarkably unchanged by the devouring course of progress. It is still, essentially, the landscape of charabancs and roadhouses where the man next to you might well turn out to be Neville Heath the multiple murderer. With hints of excitements like this no Burra show can ever be dull.

Recent works by Edward Burra at the Lefevre Gallery until June 7.

The Entertainment Guide is on Page 34

Elizabeth Hall

Holloway's Sea-surface

The new work in last Friday's London Sinfonietta concert was *Sea-surface full of clouds*, a cantata for four soloists, chamber choir and small orchestra specially commissioned from Robin Holloway (b. 1943).

I wish I could join with other admirers to find Holloway "a new, pronounced creative talent in music for voices," or indeed find any aspect of his new piece "completely fascinating" or "greatly distinguished and affecting." I am puzzled only: for I have not heard a new work for many months which leaves such a blank and featureless impression—or which proposes within the space of half an hour so few original points of harmonic, textural melodic or contrapuntal interest.

The words are by Wallace Stevens. The plan of the setting is a clever one: to mirror the form of the poem musically in a "state of perpetual variation (as much in terms of colour and texture as in traditional harmonic and melodic methods) within one basically unchanging order of events." There is a technical aptness, even a kind of fussy bravura, to the execution: the style could be called hybrid mainstream, streaked with reminiscences of Strauss and Mahler—and the score has the surface gloss of intelligent and capable management. Yet where is the centre? Where, in its nervous, self-important, clever way, does it lead, or intend to lead? Not back again to the words, certainly: there is nothing in Holloway's setting to match the subtle, complex and vivacious magic of Stevens's five stanzas. The vocal writing is plain at best, at worst angular and ungrateful; the instrumentation, complicated rather than complex, is unremarkable.

There is, too, the strangest lack in *Sea-surface* of dramatic movement and tension: the dramatic image colourless, neutral grey. Under a semblance of "variation," there is an overwhelming sense of sameness: notes in motion, but moved without grit, or gut, or fire. The performance, under the baton of the young Mexican conductor, Eduardo Mata, who was making his debut with the Sinfonietta, and with four good soloists, seemed capable and wellprepared. No doubt the oracles are right: this kind of sublimely precious musical doodling, that dares nothing and pretends all, must sooner or later end up in the opera house. I despair of it: but for fair measure, wish it better luck than it deserves.

In the first half, Mata directed a fair performance of Varèse's *Octandre*—though ideally one might have asked for some subtler dynamic shading: such details as the fruitily expressive crescendo on bassoon at the link between the second and third sections, where none is marked (and surely none implied?), dulled the edge of the music a little. We also heard a nice performance of Mozart's D major Divertimento K251—not the greatest Mozart, but fun—stylishly given by the group on string quintet with two horns and oboe; and a lively account of Falla's harpsichord concerto, with John Constable the soloist.

DOMINIC GILL

Huddersfield Arts Centre

Imeneo

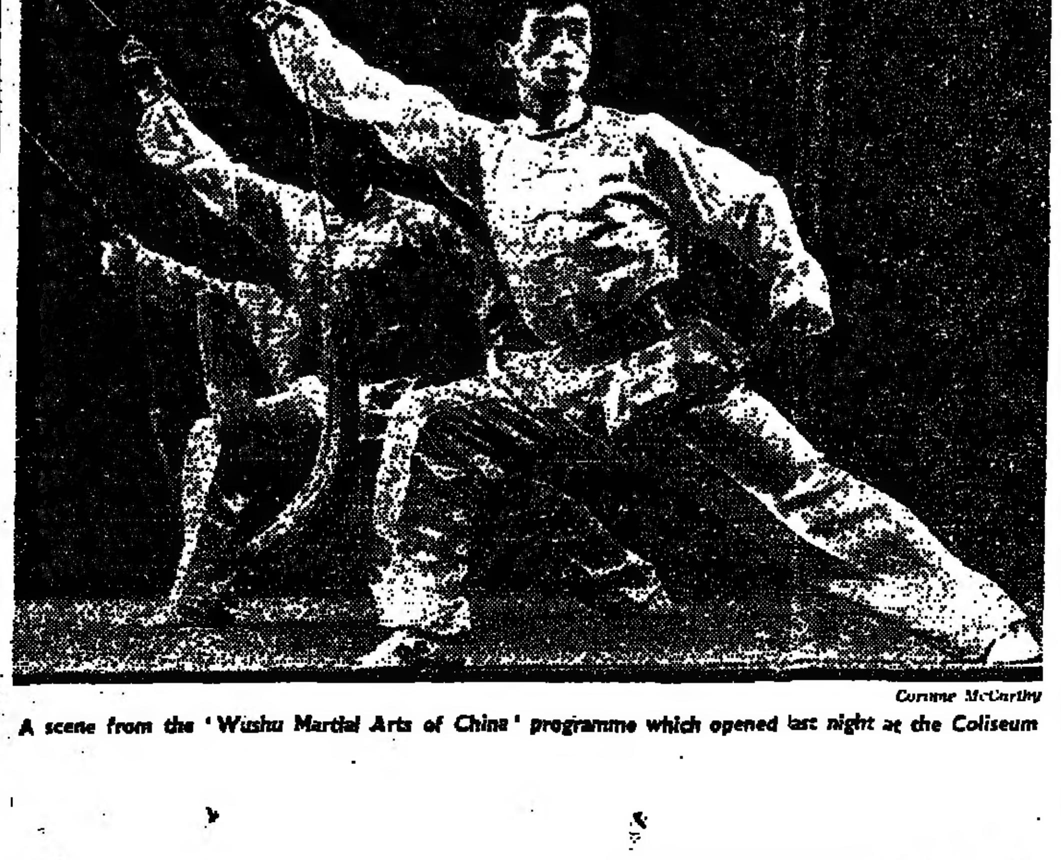
by JOHN WARRACK

Imeneo is a charming work, and in many ways a touching one. Handel's penultimate opera, it was produced in 1740 when the Italian opera in London had grown top-heavy; swaying precariously, the convention needed only a few blows such as the devastating popularity of *The Beggar's Opera* to bring it down, and Handel knew it. Another composer might have retreated further into the grand style: the practical Handel's response was to see if the *opera seria* to which he remained devoted could yield a renovation of its conventions. There is thus a kind of self-consciousness rare in Handel's work: and this made it a two-edged choice for Pennine Opera, a newly formed group which aims to concentrate on giving 17th and 18th century opera in West Yorkshire.

On the one hand, there is little here left of the great display arias that were the thrill of the contemporary castratos and are the burden of many a modern singer. *Imeneo* is a slender, elegantly composed work: its arias are taxing but not overwhelming, its atmosphere wistful rather than heroic. And yet there is an almost wryly self-mocking use of the conventions, as when the heroine Rosmene, forced to choose between her beloved Tirinto and her rescuer Imeneo, feigns insanity in a near-parody of the old operatic Mad Scene, while the halting, broken phrases reveals true emotional anguish beneath the device: again in Clomiri's send-up of the grand style in the flashing aria which she hopes—in vain, as Handel must ruefully have acknowledged—to impress the bored Imeneo with the opulence of these charms.

Such an opera, at once light and subtle, sophisticated and simplified, demands wit and flair in its presentation. The Huddersfield Arts Centre is an agreeable size for the smaller baroque operas, and apart from a misjudged start involving the chorus in the audience it comfortably accommodated Sally Robertshaw's tidy production. But on the first night, there was still some way to go in achieving the delicate musical balance: though it contained some excellent players, including Graham Cummings's stylish harpischord continuo, the orchestra sounded under-rehearsed, and, like some of the singers, uncomfortable with Patrick Forbes's sluggish tempos. It is a characteristic of *Imeneo* for points to be made swiftly and acutely—the dramatic pauses and unexpected line of Argenio's simile aria (cheerfully delivered by Philip Glithro), the breathless and then suddenly poignant phrases of Clomiri's Act 2 aria wooing Imeneo "She only wishes to see you smiling," in the Brian Trowell and Nigel Fortune translation used), as if her fiction that she speaks for a friend is ever on the verge of breaking down

Mary Coles sang poor Clomiri with increasing confidence as the opera proceeded, and made a good showing of her display aria. David Lennox (Imeneo), the most experienced of the cast, seized the opportunity to infuse some splendid Handelian vigour into his A major aria in Act 1 ("She whom I love"), and gave the part the lightness of touch that alone can make the character tolerable: only in the beautiful D minor trio does he seem to feel the callousness of his position. Patricia Hamilton delivered Rosmene's runs clearly and without sacrificing expressive warmth; and though Eileen Smith did not project all Tirinto's lines very vividly, she had a grasp of the part and did well with her jealousy aria. Mr. Cummings, Pennine Opera's music director, was right to include the *Sosarme* duet which Handel inserted before the final *coro* for the Dublin performance in 1742: it is a beautiful piece, and it makes a moving conclusion as the lovers bow to the decision for duty, and then turn away from each other.



Convene McCarthy

A scene from the 'Wushu Martial Arts of China' programme which opened last night at the Coliseum

'Travesties' returns to the Aldwych

The Royal Shakespeare Company's production of Tom Stoppard's comedy, *Travesties*, returns to the Aldwych to open on Thursday, May 29. It won the Evening Standard Award for Comedy of the Year, and for John Wood, as Henry Carr, both the Evening Standard and Plays and Players Drama Awards for Best Actor of 1974.

John Wood is joined by Robert Powell and Meg Wynn Owen. Beth Morris returns as Cecily and John Bott at Bennett. Other newcomers to the cast are Frances Cuka as Nadya and John Quentin as James Joyce. The production is directed by Peter Wood and designed by Carl Toms.

'Hair' again

A new production of *Hair* is to come to Her Majesty's Theatre on June 7 for a 16-week season. It will be freshly cast throughout. The director is Rufus Collins.

Earls Court

Led Zeppelin

by ANTONY THORNCROFT

When I first saw Led Zeppelin over five years ago they were a very good, very exciting, rock band: now they must rate a paragraph in any social history of the twentieth century. They are no longer judged in musical terms but as an entertainment industry phenomenon.

Perhaps they are more popular than the Beatles ever were—they attract larger audiences on their U.S. tours and they are certainly richer. Could any other artist, contemporary or historic, in any musical field, improve on their achievement in packing Earls Court five times this month, a total of 85,000 fans, with many more disappointed? And so it goes on, writing about Zeppelin in terms of facts rather than music. But one more detail: Zeppelin has created a vast audience without a single TV appearance, hit single, or publicity drive. They must be the most unknown record breakers.

Of course, all this success intrudes between Zeppelin and its music, both for good and ill, and Sunday's Earls Court concert was an enigmatic experience. The money generated by the group ensured a feeling of great security, both in the crowd control and the equipment. The stage was beautifully lit, the revolving lights and images stimulating the eyes like an expensive firework display. Above the stage was an enormous screen, where well photographed coloured images of the action on stage were projected large, so that the people at the back could see the sweat and the anguish on the group's faces, so far away from them. It was a wonderful production job.

The band, too, were on their best behaviour, with singer Robert Plant reporting on what the group had been doing in the two years since its previous British concert with a graciousness approaching the Queen's Christmas message. And then there was the music. It was, of course, very good, for the achievement of Zeppelin is that guitarist Jimmy Page is arguably the best rock guitarist, drummer John Bonham the best drummer, and John Paul Jones no makeweight on keyboards and bass. When the group is working away on some sharp new number, like "Kashmir," the merger of musical skill, exhilarating sound and modern electronics, quietens any doubts about rock as a genuine art.

But for all the moments when you felt that you were experiencing the best rock group in the world there were as many of doubt. No giant screen can replace the physical contact between musicians and an audience, and however good the sound system, Zeppelin often seemed remote figures going through the motions of a well produced entertainment. The very length of the show, over three hours, means there is obvious pacing—the acoustic set, the solo spots, the chat. And they all intrude on what Zeppelin do best — frenzied, blitzkriegs of urban tension, portrayed in music, the Physical Graffiti of its latest album.

You can hardly expect intimacy at the Earls Court: you can hardly expect the unexpected from a band as professional as Zeppelin. It was a very good show, but for the group and the audience, just another show.

Elizabeth Hall

Kenneth Gilbert

It's all very well to tinkle away on a kit job at home, but a first-class instrument is the basic requirement for a public harpsichord recital to-day, since the recent craze for fine and apt "period" tone replaced the amplified brilliance popular a few years ago, when every harpsichord played publicly in London seemed to come from either Gough, Goff or Goble. On Sunday the eminent American harpsichordist Kenneth Gilbert equipped himself with a champion of impeccable pedigree: Ruckers 1636/"Ravellement" by Hemsch 1763/borrowed from the English collector Michael Thomas.

Unquestionably there are Ruckers and Ruckers (and questionably Rookers too, in similarly beautiful decorated cases) for this outstanding Belgian family was to the harpsichord what Stradivarius was to the violin, with innumerable followers and fakers. (The precious 1634 "Ham House" Ruckers in the Victoria and Albert Museum was revealed as an 18th century English forgery during recent restoration — excellent museum irony!). Hard to tell in a hall so large as the Queen Elizabeth, but on Sunday suggested a superb Ruckers, with full-bodied royal tone, and the kind of singing quality which seems to get lost in the minor remodelling to which most old instruments have been subjected if they survive to our time.

Kenneth Gilbert changed his programme, cutting out the Scarlatti items, to make the best of this harpsichord's quality. He played one half each of Couperin and Bach, with plain registration and deliberate, expressive phrasing. Mr. Gilbert's technique is not quite fluffproof, but the effect was so fine that even at the end one was still captivated by the beauty of tone, even in the lingering of a simple mordent clinging to the final cadence, reluctant to end. The Couperin items were predominately miniatures of course, but featured his mood pieces such as "Les idées heureuses" and "Les langueurs tendres" rather than the more flashy ones. However, the most rewarding item here was the great Passacaille, superbly given with weighty attention to its astonishing chromatic refrain and imaginative colouring in the variations.

GILLIAN WIDDICOMBE

WORLD TRADE NEWS

RETAIL STORES IN JAPAN

Opportunity for foreign investment

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, May 19.

FOREIGN COMPANIES will "in principle" be free to run retail stores in Japan following the expected liberalisation of investment in this sector of the Japanese economy on June 1.

A recommendation to liberalise foreign investment in retail distribution was made to-day by the Foreign Investment Council, a body combining officials and representatives of private industry, which reviews all major policy changes relating to foreign investment. The recommendation will be considered by the cabinet later this week, and liberalisation should follow as a matter of course.

Retail trade was one of the few sectors still subject to restraints after Japan's fifth round of capital liberalisation introduced across-the-Board liberalisation of foreign investment in the spring of 1972. The current restraints permit 50-50 joint ventures between foreign investors and Japanese partners in up to 11 retail outlets. Anything above that requires approval on a case-by-case basis which is, in practice, difficult to obtain.

The opening of the retail sector could provide an incenive to European or U.S. retail chains with internationally known brand names to move into Japan on a wholly-owned basis, instead of on the "store-within-a-store" basis which has been prevalent until now. Marks and Spencer, which at the moment sells through Isetan, a major Tokyo department store, could possibly be interested in starting its own Japan operation.

The recession in consumer spending in Japan, however, makes the present hardly a good moment to move into the retail business. Sales of Japanese department stores last month showed a nominal rise of 16.5 per cent. over a year earlier, which means a gain of less than 3 per cent. when allowance is made for inflation.

The big Japanese retail chains—both supermarkets and department stores—are evidently comparatively unworried by the liberalisation move, not least because of the extraordinarily high cost of land in most major Japanese cities makes the rapid build-up of a foreign-owned store chain prohibitively costly.

A spokesman for Dai'Ei Inc. Japan's largest retail chain, said to-day that joint ventures between foreign retailers and Japanese companies would still provide the best route for foreign invesment in retailing even after 100 per cent. operations are formally allowed.

Dai'Ei has signed an agreement with J. C. Penney, the second largest U.S. retail chain, to open a series of Penney stores throughout Japan on a joint venture basis with the major general trading company C. Itoh. Other Japanese department stores have mail order sales agreements with foreign companies, including one between Daimaru and Great Universal Stores.

Foreign capital liberalisation could conceivably open the way for foreign car manufacturers to strengthen their position in the Japanese market either by starting their own distribution operations or by sinking capital into their existing dealer network. British Leyland, for example, could take a capital stake in its Japan distributor, Shinto Motors, as a means of strengthening its distribution network after June 1.

The special point about Japan's distribution system which has bothered foreign exporters for years is its extreme complexity and the very high cost of passing goods—particularly foreign goods—through the various strata of the wholesale trade.

Direct foreign ownership of retail outlets would by-pass many of those problems, at least in theory, but high property values and unforeseen administrative snags could counteract some of the advantages of getting direct access to the consumer.

The Japanese Ministry of Transport has invited representatives of 27 foreign car manufacturers, including British Leyland, General Motors, and VW, to attend a Tokyo meeting on May 30-31, at which Japan's new emission control standards will be discussed. The meeting will cover both the 1975 controls, which apply to imported cars from the end of 1975, and the 1976 ones which do not apply to foreign cars until 1978.

Adaptation of imported cars to meet Japan's emission standards has been regarded as difficult until now, especially on the current small scale of most foreign companies' sales in Japan. The technological problems involved have yet to be properly studied, but there is a school of thought in Japan which believes that adaptation should be carried by Japanese manufacturers under agreement with the exporters.

Swiss trade still falling

By John Wicks

ZURICH, May 19

SWISS EXPORTS and imports continued their downward trend in April, the former by 2.3 per cent. in value to Sw.Frs.2.89bn. (£502m.), against SwFrs.2.96bn. (£514m.) and by 9.2 per cent. in volume compared with a year earlier. Imports declined by 12.7 per cent. to Sw.Frs.3.24bn. (£563m.) against Sw.Frs.3.71bn. (£644m.) and by 12.2 per cent. in volume.

The April deficit of Sw.Frs.347.5m. (£60.3m.) was less than half that in April, 1974.

For the first four months of 1975 exports were below comparable 1974 figures by 6 per cent. and imports by 15.4 per cent.

Syria to earn $60m. from phosphate sales in 1975

BY OUR OWN CORRESPONDENT

DAMASCUS, May 19.

SYRIA EXPECTS to earn more than $60m. in hard currency from the sale of phosphates in 1975, said Mr. Hamdi Deiri, director general of the Government-owned Mines and Phosphates Company.

Mr. Deiri said 1975 output would reach 1.35m. tons according to the scheduled plan. Implementation of the plan up to April 30 has been more than 100 per cent.

According to the United Nations Development Programme experts, the Syrian desert should contain huge deposits of phosphate. Syria has recently concluded an agreement with Romania for:

1—Estimation of the proven deposits;

2—Implementation of a project—on a turnkey job basis—to "dry the phosphates to eliminate humidity." The project is to become operational in less than two years, and will cost $12m.

Mr. Deiri forecast that before 1980 Syria's yearly production of "excellent quality" phosphate would exceed 3m. tons. Railways are being constructed from the mines to the Mediterranean ports, and there are projects to build up silos to store 100,000 tons of phosphate and loading equipment of a 2,000 tons/hour capacity.

Albright process for Japan

By Ray Dafter

ALBRIGHT AND WILSON has signed a licensing agreement with Kansai Paint Company of Osaka, covering co-operation in the field of pre-painted metals.

Kansai, one of the biggest suppliers of paint to the Japanese and Korean pre-painted metal industry, will manufacture and market Albright and Wilson's "Accomet C" pre-treatment process. The companies expect a big boost in business as Kansai Paint will now be able to offer the pre-painted industry, and in particular the coil-coating trade, a finishing package from pre-treatment to final surface coating.

Albright and Wilson say the process does not involve rinsing, it is inorganic and leaves no effluent. That was important as Japanese and Korean industries were under considerable pressure to reduce pollution.

Bangladesh aid payments delayed

BY DAVID KHAN MAJLIS

DACCA, May 19.

THE TOTAL disbursement of aid funds to Bangladesh by donor countries before July 1, 1974, and March 31 this year has been only 34 per cent. of the aid committed. Bangladesh received fresh aid commitments of about $975m. With the $856m. in the pipeline last July, the total availability of foreign aid to Bangladesh stood at $1.83bn. of which only $628m. had been received.

A breakdown of the commitment shows $461m. for food. $603m. for commodity imports and $770m. for projects. The disbursement of funds for food imports has so far been satisfactory. Out of the $461m., which included last year's carry-over of $50m., over $238m. had been disbursed by March.

Food Ministry sources say the remainder is expected to be made available by June as food shipments reach Bangladesh ports.

The lowest disbursement was in project aid, where the commitment as it is fell short of budgetary targets. Out of the $770m. committed aid in the pipeline only $85m. was sent by the donor countries and agencies.

Embassy officials of the donor countries and officials of the International Monetary Fund and World Bank based in Dacca, attribute the slow disbursement mainly to an inordinate delay in execution and implementation of projects by the Bangladesh government and in some cases the incomplete nature of project details for which funds have been requested.

Commodity aid, including that in the pipeline at the beginning of this fiscal year was $603m. out of which $310m., a little over 50 per cent., has been spent so far. The higher disbursement resulted from the quick release of funds by Middle East countries almost immediately following their commitment.

India a net steel exporter

By Our Own Correspondent

NEW DELHI, May 19.

AS THE outlook brightens for the manufacture of steel, India finds she will be able to export 1.2m. tonnes of iron and steel products in the current year, against an import of about 400,000 tonnes of some special categories of steel.

Thus, for the first time, the Indian steel industry will be a net earner of foreign exchange during the current financial year. The earnings may be of the order of rupees 1bn. (£53.3m.). At a meeting of the parliamentary consultative committee, Mr. Chandrajit Yadav, Steel and Mines Minister, said the availability of saleable steel in the country would go up by 800,000 tonnes more this year because of the expected increase in production.

The target for saleable steel in 1975-76 has been fixed at 5.7m. tonnes—a 16.3 per cent. increase over the actual production of 1974-75.

Contracts Abroad

ISHIKAWAJIMA - HARIMA HEAVY INDUSTRIES, of Japan, has secured orders for two new container ships, worth $U.S.80m., from Singapore's national shipping line, Neptune Orient, for the Far East freight conference run. Each vessel will have a capacity of 30,000 deadweight tonnes and can carry 1,572 20-feet containers. Both are expected to be delivered by 1977, the first two container ships to be owned by Neptune Orient, which at present has on charter only, one, containership of 3,415 tonnes capacity.

ISRAEL AIRCRAFT INDUSTRIES has sold six Arava STOL transport aircraft for $5.5m. to the Bolivian Air Force, a Tel Aviv report says.

INTERNATIONAL VIDEO SYSTEMS will instal colour TV video-tape players and monitors on 60 vessels owned or managed by Aegis Shipping Company, Piraeus.

THYSSEN RHEINSTAHL OFFSHORE will supply half the total steel required for a Burmah Oil rig being built for the Thistle field, plus piping and unfinished components worth in all £10.5m.

IN BRIEF

Less Nigerian oil

Nigeria's crude oil output has dropped to 1.7m. barrels daily in recently weeks, from 2.3m. barrels earlier this year. The slight fall in oil revenue is not expected to have any adverse effect on the Naira 30bn. (£20.77bn.) national development programme.

Australian tile duty

Increased Australian import duties on ceramic floor and wall tiles have been recommended to the Government to protect local producers. The Industries Assistance Commission proposes a 30 per cent. duty except on tiles of less than 5 sq. mms. in area or more than 12 mm. in thickness, which would be dutiable at minimum rates. Present general rate is 26 per cent., with free entry for tiles less than 6.45 sq. mm. in area. The U.K. is one of the main suppliers.

Increased protection has also been recommended for local producers of asbestos. Government decisions on both reports are expected soon.

Link for Burundi

The State of Burundi is again considering joining the neighbouring East African community linking Tanzania, Kenya and Uganda in a common services union. Mr. Jilles Mazubute, the Burundi Foreign Minister, is holding talks this week with Tanzanian officials. These will include ways of increasing transport links.

Australian cars

Australian car imports rose to 7,070 units in April, following 4.983 in March, but were well below the December peak of 17,664. Japanese imports dominated with 5,207 units, while the U.K. shipped 231 in April against 10 in March. Value rose substantially to $A16.3m. (£9.34m.) following $A9.9m. (£5.67m.) in March.

Paint exports

U.K. paint exports were 21 per cent higher in 1974 by volume and 54 per cent. up in value at £40m. EEC took 31 per cent. by value, following 33 per cent. in 1973 and 23 per cent. in 1972, and EFTA countries 10.5 per cent., 11 and 15 per cent. respectively.

West German trade

West German trade with Communist countries rose 23.5 per cent. during the first quarter while total trade fell 3.7 per cent. The biggest increase was 52.7 per cent. to the Soviet Union, with imports from Moscow increasing only 1.1 per cent. West Germany remains Russia's leading Western trade partner.

China-Trinidad trade

China may buy sugar, cocoa, coffee, angostura bitters, natural asphalt and rum from Trinidad and Tobago following a visit to Peking by a trade delegation. A second mission will go to China shortly to discuss oil matters.

Export Contracts

ROLLS-ROYCE (1971) will supply for £3m. to Hindustan Aeronautics, India, 70 Viper turbo jet engines for trainer aircraft ordered by the Indian Air Force.

DAVY-LOEWY is to supply a hot strip rolling mill worth £16m. to Acesita, Timoteo, Brazil. Maquinas Piratininga, Sao Paulo, will be responsible for Brazilian supply of a proportion of the equipment. Midland Bank will provide finance, with ECGD support, acting through Samuel Montagu, which will also provide substantial Eurocurrency finance.

HENRY SIMON is to reconstruct two flour mills near Oran for Sempac, the Algerian Government-owned flour milling and food concern, at a cost of £1.6m.

GEC RECTIFIERS will build rectifier equipment worth $1.5m. for the Toronto Transit Commission to provide DC power for the subway system extension.

ASSOCIATED PORTLAND CEMENT MANUFACTURERS will provide engineering services for a new cement industry in Togo at a cost of £1.7m. The cement venture is a joint one between the governments of Togo, Ivory Coast and Ghana, and will provide an integrated industry for the three countries.

New York plea to banks as cash crisis worsens

BY GUY DE JONQUIERES

NEW YORK, May 19.

NEW YORK CITY officials were involved in delicate discussions to-day to try to persuade the major commercial banks to underwrite a negotiated issue of $280m. in short-term notes which the city desperately needs to avoid a default and continue meeting municipal payrolls.

The city was forced to cancel its original plans to put the notes up for auction on the open market to-day after soundings on Wall Street made it clear that the issue would either attract no bids at all or else could be sold only at an astronomically high interest rate which would worsen New York's already grave debt service problems.

In the view of many financial observers, a rescue operation mounted by the banks constitutes the city's only realistic hope of preventing a default on $220m. of outstanding short-term notes which fall due on May 30. But even if the banks agree to help, their intervention would probably amount to no more than a temporary palliative.

The city's present cash squeeze is so ferocious that it must raise between $1bn. and $1.5bn.—the exact figure is in some dispute—before June 30 in order to remain solvent. Thus the bank's decision to help out this time would probably open the door to a stream of further demands from the city over the coming weeks.

The banks are reluctant to fund additional debt because they are already choking on huge quantities of unmarketable city paper—some seven banks hold city debt with a face value of about $1bn. This cuts both ways, however, and one of the city's few remaining trump cards is the knowledge that the banks themselves would be among the first to suffer from a default.

If the banks do agree to step in, they will undoubtedly exact a high price, both in terms of interest rates and of pledges by the New York city administration to impose tough austerity measures designed to reduce the municipal budget deficit and relieve the current cash squeeze.

Such concessions appear virtually essential, though, to the formulation of any longer term plan which would reverse the steady deterioration in the city's financial condition and remove it *from the front line of candidates* for bankruptcy.

Since President Ford flatly refused Mayor Abraham Beame's request for $1.5bn. federal guarantee to back New York's future borrowings last week, the telephone wires have been buzzing between City Hall Wall Street and the state capital in Albany. The indications are that some grounds for compromise which would avert complete disaster may now be emerging.

Yesterday Mr. John Marchi, a prominent Republican state Senator and an unsuccessful *former candidate for Mayor of* New York, indicated that he would sponsor a proposal in the state Senate to advance New York $1bn. in tax revenue and aid if the city consented to certain conditions.

These include a commitment by Mayor Beame to place a $13.2bn. ceiling on city budget expenditures and to keep the budget balanced. At present, the city faces a $641m. deficit on its new budget, starting July 1, despite proposals to raise taxes and cut *expenditures*.

Senator Marchi's proposal would be a bitter pill for Mayor Beame to have to swallow, since it would mean both surrendering some authority to Albany and making drastic cutbacks. The Mayor has estimated that eliminating the prospective deficit would require axing 38,000 municipal employees—more than 11 per cent. of the city payroll—and severaly pruning social services.

However, in banking circles, even Senator Marchi's proposals are regarded as too mild. One banker commented that the *austerity* measures they entailed were "not enough by 40 per cent," suggesting that the commercial banks *may* insist on still tougher steps as a condition for helping the city out of its immediate cash squeeze.

It is rapidly becoming clear, though, that a draconian austerity drive is the only alternative to a default, and that if this is accepted by Mayor Beame financial aid might become more readily available. Indeed, according to some reports, the Ford Administration might even reconsider its veto *of the request for a loan* guarantee.

But a major obstacle stands in the way of an economy drive in the form of New York's municipal service unions. City labour leaders, who are extremely strong, have warned that they will oppose any root-and-branch economies affecting employment, and it seems very likely that any steps in this direction will unleash a major strike.

Exxon backs N-centrifuge

BY DAVID FISHLOCK, SCIENCE EDITOR

A MAJOR uranium enrichment study by Exxon Nuclear, nuclear arm of the Exxon Corporation, has put the economics of the new gas centrifuge method of enrichment comfortably ahead of the established gas diffusion technology.

The study gives the centrifuge process a significant advantage not *only in operating costs*, as centrifuge proponents have consistently claimed, but also in capital costs.

It comes at a time when the French, having recently increased the design capacity of the only new diffusion plant under construction, at Tricasin, from 9,000 to 10,700 tonnes, are contemplating a second diffusion plant. Exxon calculates that a 9,000-tonne centrifuge plant would cost about $1.5bn. while a diffusion plant of the same capacity would cost about $2.2bn. Operating costs for the centrifuge would work out at approximately half those for diffusion, $15-20 per kilogram of enrichment compared with $30-35. These figures assume an electricity cost of 10 mills per kilowatt-hour.

These costs are the outcome of an estimated 200,000 man-hours of work since Exxon began its enrichment partnership with U.S. General Electric two years ago. The partnership, called Cengex, was dissolved last September, when U.S. GE found investment in enrichment too forbidding.

Exxon Nuclear now claims that *studies since September*, assisted by the U.S. Government agency ERDA, have shown how centrifuge costs can be reduced significantly. One example is that the mountings for the very high speed machines, once accounting for nearly 20 per cent. of capital costs, are now estimated at only 3 per cent.

Another major economy claimed is a novel electric power supply system for the centrifuges, which has cut more than $100m. from the cost of a 9,000 tonne plant.

Exxon officials are quoted as saying that over 90 per cent. of *a centrifuge enrichment complex* would be "conventional hardware," with the only area of risk being in the centrifuge rotor—less than 10 per cent. of the investment. Exxon breaks down the capital outlay as follows: centrifuges 29 per cent.; buildings, 19 per cent.; centrifuge manufacture and assembly, 15 per cent.; pipework, 12 per cent.; instrumentation, 10 per cent.; electrical equipment, 7 per cent.; utilities' site development, 6 per cent.; and other equipment 2 per cent.

THE CARIBBEAN

A row among premiers

BY A CORRESPONDENT IN KINGSTON

DIFFERENCES of opinion about the role Venezuela is playing in the Caribbean are threatening the fragile unity of the Caribbean Community and Common Market (Caricom).

Mr. Eric Williams, Prime Minister of Trinidad and Tobago, has accused Venezuela of using its vast financial resources obtained from high oil prices to "recolonise" the Caribbean. "In my opinion," he has said, "the recolonisation of the Caribbean is in full swing to-day. I am absolutely satisfied that the recolonisation which is going on to-day is not going to stop at the manipulation of the political processes." Mr. Williams sees Venezuela as the new "imperialist" power in the Caribbean, replacing the European and American powers. What hurts him more than anything else is the apparent inability of his colleague Prime Ministers, *Mr. Michael Manley of Jamaica*, and Mr. Forbes Burnham of Guyana, to discern this "threat."

His most recent pronouncements were aimed at Mr. Manley, and almost wrecked the latter's recent official visit to Venezuela where he and President Carlos Andres Perez finalised and signed a big bauxite and oil deal. Mr. Williams made his comments the day before the Jamaican Prime Minister arrived in Caracas in mid-April. At a short airport Press conference on his arrival, Mr. Manley claimed ignorance of what Mr. Williams had said, but added that arrangements and agreements between Venezuela and Jamaica were based on mutual respect for each other's sovereignty.

Venezuela has, in fact, had a short but extensive involvement in the economic life of the countries of the Caricom block, and it is this involvement which has supplied Mr. Williams with the examples he needed to illustrate his charges of "recolonisation." The Latin American republic has made a $60m. loan to the Barbados-based Caribbean Development Bank, an institution of the Caribbean Community which is headed by former Caricom Secretary-General Mr. William Demas. The CBD concentrates on financing agricultural and industrial projects in the smaller and poorer islands of the eastern Caribbean. Ironically, it was Mr. Williams' *Government which solicited* Venezuela's participation in the bank because the region needed the money for its development late last year.

Venezuela has also come to the rescue of the Leeward Islands airline Liat, which was faced with a shutdown after the collapse of its owners, Court Line, of Britain. The airline is the only quick inter-island link, but attempts by the Government of the islands to buy Liat and keep it running were thwarted by Trinidad's refusal to contribute. It did not pass unnoticed in the region that while withholding help from Liat, Trinidad

Dr. Eric Williams

made *significant* loans from its oil revenue to the World Bank. Venezuela was approached by the eastern Caribbean Governments and immediately made a $10m. loan which gave the islands time to arrange other funding for purchase.

Venezuela also is a partner with eastern Caribbean Governments and industrialists in packaging and footwear plants in the smaller islands. What triggered Mr. Williams' latest criticisms were the trade agreements between Venezuela, Jamaica and Guyana. A shelved border dispute notwithstanding, Venezuela is to extend a line of credit to Guyana running to millions of dollars, and is buying from Guyana significant quantities of bauxite for an aluminium smelting capacity which is being tripled at the industrial centre in Ciudad Bolivar.

Mr. Manley and Sr. Perez reached an agreement last month under which Jamaica will obtain $114m. in investment funds. Of this amount, $84m. is coming under the oil rebate scheme given earlier to Central American purchasers of Venezuelan oil, and $30m. as Venezuela's two tenths share in a 900,000-ton alumina plant being built by *Jamaica and Mexico in southern* Jamaica. The deal gives Jamaica a Venezuelan market for 200,000 tons of alumina and 400,000 tons of bauxite annually starting in 1978, and allows for a Jamaica minority participation in an alumina plant to be built in Venezuela.

Mr. Williams was piqued because Trinidad, Jamaica, and Guyana are partners in a multinational smelter to be built in south Trinidad. The plan is for Jamaica and Guyana to supply the alumina and Trinidad to supply natural gas as fuel. It is this which prompted Mr. Williams to comment: "We talk about an aluminium smelter—we now hear that this country has an arrangement with Venezuela and that that country has an arrangement with Venezuela."

Although a Norwegian concern, Norconsult, has just completed the feasibility study for the smelter, the project, announced a year ago, has been delayed by Mr. Williams' unwillingness to allow the natural gas to be sold at a price which will make the smelter economically viable.

Recently at the Commonwealth conference in Kingston Mr. Burnham delivered an economic paper, on behalf of, he said, Barbados, Guayana, and Jamaica. Asked about Trinidad, he smilingly stated that there had not been enough time to consult with Trinidad. Mr. Williams was con*spicuously absent from the con*ference which, although staged here in Jamaica, was officially hosted jointly by the Commonwealth Caribbean including Trinidad. Prime Minister Manley has diplomatically eluded attempts to be drawn into making public pronouncements on Mr. Wiliams' behaviour. The crunch will come sometime next month when the three Prime Ministers are due to confer in Port of Spain about the proposed aluminium smelter.

Development Bank seeks $4bn. new capital

BY HUGH O'SHAUGHNESSY

SANTO DOMINGO, May 19.

THE INTER-AMERICAN Development Bank (IADB) is urgently seeking some $4bn. of new capital without which it will be forced to curb its lending operations in the near future.

Announcing a record volume of loan authorisations of $1.1bn. in 1974, a 26 per cent rise over the previous year, Sr Antonio Ortiz Mena, the bank's president, made a plea for quick action for the subscription of new funds at the inaugural session of the annual meeting of the bank's governors here this morning. Sr. Ortiz did not put an exact figure on the bank's needs.

The bank's lending is planned to rise to $1.6bn a year within the next three years and its ordinary resources—as opposed to its concessional funds—are nearly exhausted. Dr. Henry Kissinger said in March the U.S. Administration would seek Congressional approval for a $1.8bn. contribution.

In a sombre speech the bank president echoed the words of Sr. Enrique Iglesias at last week's Port of Spain meeting of the UN Economic Commission for Latin America (ECLA) and pointed to the rapidly deteriorating financial situation of Latin American countries as a result of sharp falls in raw material prices and big rises in the cost of imports. He pointed to the danger of the region's growth becoming paralysed for lack of foreign exchange. Sr. Ortiz forecast a bad year for Latin America this year and a worse one next year with recovery coming in 1977 only if there was a *quick improvement in world* economic conditions.

Sr. Ortiz also expressed concern in his speech at the increasing inflation in Latin America where last year 14 countries had inflation rates of more than 15 per cent. a year as compared to only four countries in 1970.

Car layoffs rise in U.S.

DETROIT, May 19.

LAYOFFS in the American car industry swelled to-day to 183,825, the highest in a month, *as Ford closed five assembly* plants and one manufacturing plant for a week.

The industry's total layoff figure was up for the second consecutive week in the wake of the latest reports on new car sales. The figures showed that a *spring sales* upturn has not materialised UPI

U.S. prime interest rate lower still

NEW YORK, May 19.

CHASE Manhattan Bank of New York and First National Bank of Chicago to-day lowered their interest rate for prime business loans to 7¼ per cent. effective immediately.

A new round of cuts in the prime rate began on *Friday* after the Federal Reserve reduced its discount rate for short-term loans to member banks to 6 per cent. from 6¼ per cent.

The prevailing prime rate now is 7½ per cent., a rate held by *First National* City Bank of New York for several weeks. UPI

More companies in U.S. reveal payments abroad

BY ADRIAN DICKS

WASHINGTON, May 19.

THE FURORE over questionable payments by American companies in countries where they have investments has widened to include several more of the largest and most august names in the business community.

Mobil Oil, Standard Oil of California and Standard Oil of Indiana all revealed during the week-end that they had made political contributions in foreign countries, while General Motors has state that it made donations to what it described as a "nonopolitical activity" in South Korea.

These disclosures come hard on the heels of Gulf Oil's startling admission last Friday to a Senate Committee that it had been forced to pay $4m. to the ruling Democratic *Republican* Party in South Korea in order to stay in business in that country.

Mobil and Standard, of Indiana, both said they had made contributions to political parties in Canada and in Italy. Exxon, largest of all the oil companies, made a similar disclosure last week. However, none of the three companies has yet said which political parties benefited from their largesse, or how much *money* was paid to them. All three have insisted on the legality of their actions under Canadian and Italian law.

Standard, of California, has described its payments as "minor," but has declined to identify the countries where they were *made*. However, the company has denied that it had ever contributed to political party funds in South Korea, as have several other large American investors in that country. Last Friday Mr. Bob Dorsey, the chairman of Gulf, explained his own company's two payments in South Korea by saying that he had been told that all foreign businesses established in the country had been asked to contribute to the 1966 and 1970 election campaigns of President Park's party.

Cuban delegation to U.K. signs new economic pact

BY MALCOLM RUTHERFORD

BRITAIN AND Cuba have established a Joint Commission which will meet annually to review the progress of, and prospects for, economic and industrial cooperation. The Commission is provided for under a *new* cooperation agreement signed in London yesterday by Mr. James Callaghan, the Foreign Secretary, and Dr. Carlos Rodriguez, a Cuban Deputy Prime Minister.

Dr. Rodriguez is heading the highest level Cuban delegation to visit *London since* Dr. Fidel Castro assumed power over 15 years ago.

An announcement about credit to Cuba is expected from the Export Credit Guarantee Department (ECGD) to-day. Already the ECGD has guaranteed a total of £17m. credits to the Cubans in the past 12 months. This includes £7.7m., announced last week, for an order to Austin and Pickersgill of Sunderland for four cargo vessels. Delivery is due in mid-1976.

An annex to the economic and industrial cooperation agreement lists a number of specific sectors where cooperation is thought to be possible. These include the sugar and sugar by-product industries, the textile industry, the *chemical industry* including petrochemicals, fertilisers and tyres, the land and maritime transport industry, agricultural equipment and the food industry, the construction and metallurgical industries, and the plastics processing industry.

INTELSAT LAUNCH

WASHINGTON, May 19.

A GLOBAL communications network linking 64 nations will be completed on Thursday with the launching of the eighth Intelsat 4 commercial communications satellite.

The $14m. spacecraft, owned by the Comsat Corporation and its 88 partner nations, is to replace one lost in February when its $20m. Atlas-Centaur rocket failed shortly after it was launched from Cape Canaveral. UPI

Greece, Turkey extending efforts to settle quarrels

BY ROBERT GRAHAM ROME, May 19.

THE FIRST signs of a determined effort to resolve the outstanding problems between Greece and Turkey have emerged from the three-day talks here between the two countries' Foreign Ministers.

A joint communiqué issued after the talks, which ended to-day, said that Greek Foreign Minister Demetrios Bitsios and Turkish Foreign Minister Sabri Caglayangil would meet again in Brussels at the end of the month.

Although it was not mentioned in the communiqué, it is understood that the Prime Ministers of the two countries will also meet when they gather in Brussels for the Nato summit. According to diplomatic sources, such a top-level meeting is essential if the process of reconciliation is to be set properly in motion.

The two Foreign Ministers were supported by a group of experts, and these experts will meet again soon for a more detailed discussion of substantive issues such as the continental shelf dispute in the Aegean and the Cyprus problem.

The communiqué said that they had agreed to submit to the International Court at The Hague a "compromise document" on the continental shelf dispute. The dispute is already before the court, and the document is designed to speed resolution of the matter.

The communiqué made no specific reference to Cyprus. The Ministers merely contented themselves with saying that the talks had been held in an atmosphere of "good will and a common desire to settle their differences."

Both Foreign Ministers to-day saw the Italian Foreign Minister, Sig. Mariano Rumor. Although more of a courtesy, the meetings also underlined Italy's very direct interest in securing an early solution both to Cyprus and other outstanding disputes between Greece and Turkey. Of all the Nato countries, Italy considers itself the most exposed to the current uncertainty surrounding the future of the Alliance's eastern Mediterranean flank.

Makarios plans two Arab tours

By Our Own Correspondent

NICOSIA, May 19.

CYPRUS President Makarios leaves on Thursday for a week's visit to the Gulf States in a bold opening to the Arab world to seek firmer political support for his Cyprus policies and perhaps financial assistance.

An official announcement said the President would visit Bahrain, Qatar, the United Arab Emirates, Oman and Kuwait between May 22 and 28. He will be accompanied by Foreign Minister John Christofides.

The announcement said that in the second fortnight of June, the Archbishop will also visit Egypt, Lebanon, Syria, Iraq, Libya and probably other Arab countries.

Pro-Makarios newspapers said the Archbishop was undertaking his tour of Arab countries in spite of "strong opposition from Turkey, which has tried to frustrate his visits."

Other papers suggested Archbishop Makarios had failed in his bid to secure economic aid elsewhere and therefore would now turn to rich Arab countries for financial help to rebuild the island's economy after the war last year.

President Makarios to-day described Egypt as "a trusted friend of Cyprus during this critical period." Addressing the new Egyptian Ambassador, Mr. Khairy Ragheb el-Ayouty, the President said the Cyprus problem was closely connected with the Middle East crisis.

He referred to the first round of talks in Vienna and said: "My feeling is that Turkey aims at a camouflaged partition of Cyprus in the form of a confederation of two separate States with a loose connection. Such devious plans are absolutely unacceptable."

PRESIDENT GISCARD OF FRANCE

A republic transformed

BY ROBERT MAUTHNER, PARIS CORRESPONDENT

FEW NATIONAL leaders have weathered their first 12 months of office as successfully as M. Valery Giscard d'Estaing, elected President of France by the slimmest of margins a year ago.

To claim that he has changed the face of France in the short year which has elapsed since the euphoria of that day would be a gross exaggeration. But he has, as promised, initiated a process of social change which marks a clear break with the preceding Gaullist and Pompidolian eras, characterised above all by the ambition of M. Giscard's two predecessors to turn France into a major political and economic power.

Yet when M. Giscard embarked on his daunting task, his first moves were greeted by ironic sniggers from the political establishment. The walk up the Champs Elysees after his inauguration, the abandonment of some of the ceremonial trappings of the Presidency and, later, his breakfasts with dustmen and dinners at the homes of anybody who invited him, were described as nothing more than "gimmickry," and not only by his political opponents.

Gimmickry it would undoubtedly have been if it had not been backed up by some very energetic blowing away of cobwebs and taboos. Those who did not believe that someone of M. Giscard's aristocratic and conservative political background could ever introduce reforms—and that includes many Gaullists—have been emphatically proved wrong. Starting off with a lowering of the voting age to 18—a most sensitive issue in a country which still remembers only too clearly the student revolution of May, 1968—the new President went on to legalise abortion, making the birth control pill freely available to everyone and initiating a radical reform of the archaic divorce laws. The abortion law was passed by the National Assembly only thanks to the support of the Socialist-Communist opposition.

All this would have been of little avail, however, if the economy had been mismanaged, as it could well have been in the context of the world energy crisis and recession. The restrictive policies imposed by the Government have been painful for businessmen and workers alike; but they have reduced the rate of inflation from about 15 per cent. to less than 10 per cent. in the short space of one year.

At the same time, Herculean efforts to increase exports to the oil producers, Eastern Europe and other non-European markets—coupled with a sharp reduction of imports—have helped to produce trade surpluses several months this year and brought the target of trade equilibrium by the end of 1975 within striking distance.

Growth, of course, has suffered and the economy will expand by no more than 2 to 2.5 per cent. this year, much less than the 5 to 6 per cent. average of the past few years but that is still not bad at all when measured against most other industrialised countries. Nor have the unions, in spite of a great deal of understandable ranting against the post-war record number of some 800,000 unemployed yet caused M. Giscard an undue amount of concern. The two big labour disputes since he has become President—the postal strike last year and the lengthy stoppage at Renault—proved to be much less explosive than they might have been and, in the first instance at least, ended in a clear-cut victory for the Government.

No doubt, the President has been helped by the fact that in an "under-unionised" country like France where only some 25 per cent. of the total labour force are union members, it becomes very difficult for the unions to organise effective strikes in times of world recession. But it seems likely, too, that M. Giscard has substantially increased his popularity in the

Glyn Genin

"The President has always maintained that the important thing is to solve problems, instead of thinking all the time of national and personal prestige."

factories and workshops by his measure to pay everyone laid off as the result of the economic situation 90 per cent. of their wages for up to one year.

The picture is not without its flaws, of course. In foreign policy, where the President has tried to reconcile a less aggressive attitude in keeping with France's "middle-nation" position in the world, with a number of major initiatives, he has suffered some substantial, if not necessarily permanent, setbacks. No real progress, as he would have liked, has been made towards political union by the European Community, paralysed first by the renegotiation of Britain's membership terms and subsequently by the uncertainty of the outcome of the British referendum on Europe.

The attempt to bring the oil producers, consumers and developing nations around the same table in Paris, in itself quite an achievement, turned out to be a disastrous failure because it had been inadequately prepared. Yet it is doubtful whether M. Giscard, who is less affected by *amour-propre* than either of his predecessors, and who is more aware of the limitations of France's influence, has taken these setbacks too badly. Indeed, all the indications are that he is about to try again.

The announcement that the French franc will return to the European currency "snake" in the near future can be seen as a prelude to new moves to strengthen the European Community's political organisation and M. Giscard has already made clear that he is prepared to have another shot at reconvening the conference between oil producers and consumers, now that the U.S. is adopting a more conciliatory stance.

He cannot, clearly, afford too many failures in the various fields on which he has concentrated, without beginning to look faintly ridiculous. But the President has always maintained that the important thing is to solve problems, instead of thinking all the time of national and personal prestige, and it is refreshing to find the President of France acting on these precepts, rather than retiring into a corner in a huff when he has been rebuffed.

If foreign policy has been his weakest point, President Giscard has moved with consummate skill on the domestic political stage. Predictions that his fragile Parliamentary coalition, made up of such disparate elements as the Gaullists, his own Independent Republicans and a motley crowd of reformists, radicals and oth[...] centrists, would fall apart at t[...] first breath of wind, have prov[...] to be unfounded. The appoi[...]ment of M. Jacques Chirac [...] Prime Minister, has turned o[...] to be a master-stroke, at least [...] the short run; for he has tak[...] the Gaullist party by the scr[...] of the neck and made it mome[...]tarily into almost as faithful [...] servant of the President's as [...] has ever been since General [...] Gaulle came to power more th[...] a decade and a-half ago.

No doubt, this is still not [...] ideal situation in the eyes of [...] man who seems to be increa[...]ingly convinced that what Fran[...] really needs is a centre-l[...] coalition embracing, if possib[...] a Socialist party, which has c[...] its ties with the Communists. F[...] the moment, however, he b[...] been thwarted by yet anoth[...] reconciliation between t[...] generally squabbling partners [...] the Left, and it is a reasonab[...] presumption now that th[...] union which produced such go[...] results in the Parliamenta[...] election of 1973 and last yea[...] Presidential race, will surv[...] until the next general electi[...] in 1978.

Indeed, it is the inter[...] political situation which m[...] well prove to be M. Giscar[...] achilles heel. If he really wa[...] to transform French society [...] will soon have to grasp the nett[...] of tax reform, to mention o[...] the most obvious of the areas [...] which France fall far short [...] the egalitarian principles p[...] claimed in its national mot[...] The time may come when t[...] Gaullists will refuse to supp[...] his more fundamental refor[...] and he cannot always count [...] the opposition to bale him o[...] For the Giscardian dream to [...] realised, a new political tool w[...] have to be forged out of t[...] chaotic centre of French politi[...] and the danger is that the ear[...] reformist momentum may be lo[...] before this is achieved.

Demirel: 'Athens has no choice'

PARIS, May 19.

TURKISH Prime Minister Suleyman Demirel said in an interview to-day that Greece had no choice but to accept the de facto situation on Cyprus and that there could be no political negotiations.

In an interview in Ankara with the French daily newspaper Le Monde, Mr. Demirel said Greece would have to accept the idea of a federal state on the Mediterranean island.

Mr. Demirel said Greece was forced to accept the state of affairs on Cyprus. "They provoked it and they cannot change it. And if they did not accept federation, I do not think we would ask them what they want."

Asked if he was more optimistic about a solution to the Cyprus crisis, Mr. Demirel replied: "That depends on the Greeks. They have to see the facts as they are and not present any demands, say that they want this and that. This is not a political negotiation. It is a de facto situation and they have to accept it."

The Turkish Prime Minister said he could not see an overall solution to all the problems between Turkey and Greece, because there are problems "which have nothing to do with each other."

He said he found the U.S. decision to enforce an arms embargo on Turkey inexplicable. "All we ask the Americans to do is to correct a surprising and inexplicable decision."

Asked if Turkey would turn elsewhere for arms if the U.S. embargo continued, Mr. Demirel said Turkey had already contacted the Nato Secretary-General, Dr. Joseph Luns.

"If Nato needs us, we must not be weakened or else Nato itself will be weakened," Mr. Demirel said.

Asked whether Turkey wanted to speed up the process of becoming a full member of the EEC, presently scheduled for 20 years time, he replied that joining the Community was not primarily a political matter but one of economics.

"The question is not whether we want to become full members, but whether we can. We must have a competitive industry," he said.

Reuter

Mintoff in Libya for talks

By Godfrey Grima

VALLETTA, May 19.

MALTESE PREMIER Dom Mintoff to-day flew to Libya for talks with Libyan leader Muammar Khedaffi on a wide range of bilateral issues. Mr. Mintoff, who will be away from the island until Thursday, may visit other Middle East countries including Saudi Arabia, although this has not been officially confirmed.

In Tripoli, Mr. Mintoff is expected to sign a new accord on lower oil prices hammered out recently by Libyan and Maltese Government officials. This will enable Malta to lower the price of certain oil products, but not petrol.

Swiss ruling on aliens

BY JOHN WICKS ZURICH, May 19.

A NEW FOREIGN-worker ruling, to come into force on August 1, is intended to result in a stabilisation of the total resident population of foreigners by at least the end of next year.

At present the alien population of Switzerland totals rather over 1.06m., having risen by only 1.1 per cent. during 1974; this figure, which does not include seasonal or border-crossing workers or officials of international organisations, compares with an overall resident population of 6.35m.

The new regulation, which will run from August 1, 1975, to July 31, 1976, includes no new quotas for the granting of permits to so-called "year-round" employees. This class of permanently-resident foreigners with residence permits granted every year fell by 10.5 per cent. in the year ended August, 1974, to 288,575.

But the cantons made use of less than one-half of their quotas of a total of 18,000 new permit grants in the 12-month period ending July 31, 1976, cantons will have the right to grant a total of some 5,000 new "year-round" permits, while the Federal office for industry, trade and labour will have about 2,000 new permits at its disposal.

At the same time, the maximum number of seasonal workers permitted in Switzerland at a given time will be cut from 192,000 to about 145,000. In the year ended last August, there had been a 21.6 per cent. reduction in the number of seasonal workers to 151,962 as of the end of the period.

Shah in Paris for oil talks

PARIS, May 19.

THE SHAH of Iran arrived to-day for a meeting with President Giscard which officials said, will include a review of efforts to organise a world conference of oil producers and consumers.

The Shah, who is returning from a state visit in the U.S., will be the President's luncheon guest tomorrow at the Elysée Palace.

The meeting will take place against the background of renewed French and U.S. pledges to achieve an understanding between producing and consuming nations.

UPI

Kissinger may consider compromise on MIRVs

BY PAUL LENDVAI

VIENNA, May 19.

THE PROBLEM of the verification of missiles with multiple nuclear warheads (MIRVs) — especially with regard to the big Soviet SS-18 missiles—and other issues connected with the deadlocked Strategic Arms Limitation Talks (SALT) are expected to be the major subjects at the negotiations that began here this afternoon between U.S. Secretary of State Henry Kissinger and Soviet Foreign Minister Andrei Gromyko.

It is understood from U.S. delegation sources that Dr. Kissinger does not expect a breakthrough but nevertheless hopes for "some progress" in order to prepare a SALT treaty in time for the U.S.-Soviet summit meeting, now planned for the autumn.

The talks here are also covering the European security conference and the Middle East. Dr. Kissinger is accompanied by Under-Secretary of State Joseph Sisco, Counsellor Sonnenfeldt, the top Soviet expert of the State Department, and Mr. Hartman, Assistant Secretary of State for European Affairs. Mr. Gromyko is assisted by the Soviet Ambassador in Washington, Mr. Dobrynin, and officials of the Soviet Foreign Ministry.

According to U.S. sources, Dr. Kissinger is now willing to consider a compromise between the American position and what appeared to be new ideas put forward by the Soviet side on verification. This was the stumbling block that led to the suspension of the SALT negotiations in Geneva. It is still impossible, for example, to determine by satellites whether the big Soviet SS-18 missile—described by a senior U.S. official as "a horrendous weapon"—placed in launching silos carries one large or several smaller warheads. The SS-18 missile is capable of carrying a 24-megaton hydrogen bomb. Senior U.S. officials told correspondents that the SS-18 might be less dangerous if equipped with several smaller nuclear warheads than if carrying one hydrogen bomb. Nevertheless, there is still a wide gap between the positions of the two sides.

The U.S. holds that any missile to carry MIRVs that has been tested and any SS-18 placed in a launching silo will be counted against the permitted 1,320 missiles (for each side) with multiple warheads under the Ford-Brezhnev agreement reached last November at Vladivostok. The Soviet side, however, maintains that not every SS-18 carries multiple warheads and thus should not be automatically counted against the total number of MIRVs under the Vladivostok agreement. As on-site inspection is regarded as unworkable, a compromise must be found on mutual verification procedures. The American side hopes that Dr. Kissinger and Mr. Gromyko will be able to give new guidelines for the SALT negotiators in Geneva.

Meanwhile, no significant progress is expected on the Middle East at the Vienna talks. U.S. delegation sources said that any new initiative could come only after the Ford-Sadat meeting on June 1 and 2 in Salzburg and after the subsequent visit of Israeli Premier Rabin to Washington.

The talks are scheduled to last until to-morrow afternoon when Dr. Kissinger will fly to Bonn. Nevertheless, as Mr. Gromyko plans to leave Vienna on Wednesday morning, the talks may well go on longer than originally scheduled.

AFM meet in secret as rift threatens

LISBON, May 19.

PORTUGAL'S Armed Forces Movement (AFM) met in secret to-day for a major debate on its future role as continuing Maoist demonstrations in the streets of Lisbon highlighted the widening divisions within the military.

To-day's demonstraton took place at the barracks of the radical Lisbon Artillery Regiment, which yesterday took upon itself responsibility for State security after claiming it had uncovered a Fascist plot.

The regiment arrested at least 20 alleged plotters, one of whom was handed over to its custody by the Maoist movement, and detained them at its barracks. Troops sent to take charge of the prisoners to-day fired over the heads of about 150 Maoists and tossed tear gas into the crowd as the demonstrators tried to prevent the transfer.

The Maoists earlier claimed that those arrested included a Supreme Court judge, and the military acknowledged this was "very possible."

The Maoist Movement for the Reorganisation of the Proletarian Party (MRPP) said seven of its members had been detained last night when soldiers dispersed a group of Maoists trying to stage a protest outside the main commando barracks near Lisbon.

Reuter

France likely to detail 'snake' views

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BRUSSELS, May 19.

THE FRENCH Government is expected to spell out at to-morrow's meeting here of EEC Finance Ministers the details of how it plans to reintegrate the French franc into the jointly floating "snake" system of West European currencies.

The Ministers are also likely to continue discussions of the possible inclusion of the Swiss franc in the joint EEC float, which currently fully incorporates the currencies of West Germany, the Benelux countries and Denmark. Sweden, Norway and Austria, all non-EEC members, are "associate" members of the system

It seems unlikely, however, that final decisions will be taken. Officials here say that the discussion on the French franc is likely to be mainly a fact-finding session in which the other countries will probe France's intentions.

As for the Swiss franc, the Nine still have considerable doubts about the wisdom of associating the currency with the "snake" at this moment. The French will presumably want to settle the details of their own participation in the joint float before discussing the conditions under which the Swiss franc might be admitted, and there is a general fear in the Community that the strength of the Swiss franc might drag the other currencies too far upwards.

Mr. Denis Healey, the British Chancellor of the Exchequer, is unlikely to take a strong line on the issue, not least because the U.K. is not a "snake" member. But there is likely to be some concern in U.K. circles that the incorporation of too many of the other major West Eurpean currencies in the joint float might leave the pound unduly exposed.

Economic policy questions are not on to-morrow's formal agenda, which is devoted mainly to plans for the revision of the international monetary system in advance of the meeting of the Interim Committee on Monetary Reform in Paris next month.

The Ministers are not expected to reach complete agreement on the reform of the international monetary system, particularly as a result of continuing differences between France and the U.S. over currency floating and the future of gold held by the International Monetary Fund (IMF). France wants much stricter rules for floating and is also insisting that gold be returned to national central banks at the official price as soon as it is phased out of the monetary system.

Fitzgerald may see Arafat on Mideast tour

BY DOMINICK J. COYLE

DUBLIN, May 19

THE PROSPECTS for advancing the projected institutionalised Euro-Arab dialogue, with particular reference to the preliminary meeting at official level planned for Cairo on June 10, are expected to be explored later this week during talks which Dr. Garret Fitzgerald, the Irish Foreign Minister, hopes to have with Mr. Yasser Arafat, leader of the Palestine Liberation Organisation (PLO).

Dr. Fitzgerald's talks, which are likely to take place in either Damascus or Cairo, will form part of a six-day visit to the Middle East being undertaken essentially in his capacity as current President of the EEC Council of Ministers. He left Dublin to-day for Beirut.

The Irish domestic political implications of the Minister having formal talks with Mr. Arafat are potentially considerable, since many of the Government's critics here will inevitably draw a parallel between Dublin's "recognition" of the PLO and the Minister's consistent refusal to enter into talks with the Provisional IRA.

Dr. Fitzgerald, however, has found what he considers to be a reasonable diplomatic justification for any talks with the PLO leadership. He said prior to his departure that he was available to see anyone who wished to meet with him, while noting that a number of groups associated with the PLO had been involved in acts of terrorism.

This verbal formula is seemingly designed to dissociate the PLO leadership itself from any direct involvement in terrorism, presumably in much the same way as Provisional Sinn Fein purports to be exclusively the political wing of the Provisional IRA extremists.

Dr Fitzgerald himself is known to be particularly anxious to advance the prospect for a meaningful Euro-Arab dialogue before the Irish presidency of the Council of Ministers ends on June 30. He believes he has the advantage of some considerable political freedom of manoeuvre on this Middle East visit, in terms of his European colleagues, since he has the flexibility of representing himself as President of the EEC Council of Ministers or as Ireland's Foreign Minister, depending on the nature and outcome of any controversial talks.

The Irish Government has not recognised the PLO in any formal way, although Dublin did vote in favour of Mr. Arafat's being heard before the U.N. Dr. Fitzgerald, on the other hand, is anxious to maintain good relations with Israel, and the Minister let it be known when announcing this Middle East visit that he would be going to Israel next month.

Dr. Fitzgerald returns to Dublin on Sunday and will report the folowing day to the other foreign ministers of the Nine who will be meeting here in the context of European political co-operation.

France balances Peking and Moscow

BY GILES MERRITT

PARIS, May 19.

IN THE aftermath of Chinese deputy Premier Teng Hsiao-ping's lengthy six-day visit here, the French Government has embarked on the delicate balancing act of assuring the Peoples' Republic that a new era of close co-operation with China has begun, while at the same time reassuring the USSR that the special relationship begun under General de Gaulle and confirmed by President Pompidou remains as strong as ever.

French Foreign Minister M. Jean Sauvagnargues has now commented that official policy is "to co-operate with all of the great world powers," but the job has been made no easier by Mr. Teng's strongly-worded criticism of Soviet policy while a guest of the French Government, or Moscow's retaliatory remarks.

As a result of Mr. Teng's trip, France's Premier, M. Jacques Chirac, has now received a drubbing at the hands of the official Soviet news agency, Tass. Coming less than two month's after M. Chirac's highly successful trip to Moscow—when Tass described his meeting with Soviet leader Mr. Leonid Brezhnev as taking place in "a climate of friendship, co-operation and understanding that is characteristic of Franco-Soviet relations"—the Russians' reaction indicates just how deeply they mistrust China's new relations with Europe. Tass has suggested that M. Chirac actively supports Chinese efforts to transform Western Europe into a new "closed bloc," the implication being that it would be one opposed to increased detente with Eastern Europe.

While the French Premier, in a lengthy statement following the return of Mr. Teng to Peking this week-end, stressed the "positive" nature of the Chinese leader's trip, with its agreement for frequent meetings at Foreign Minister level, it has in fact fallen to the Foreign Minister himself to make France's peace with the USSR.

M. Sauvagnargues said that there was no conflict of interests in France's policy of seeking closer relations with both the Soviet Union and the People's Republic of China. But having stressed that detente with the USSR was one of the principal tenets of French foreign policy, he added that China's doubts over such a policy, "worry us no more than the Soviet Union's own criticisms. We will continue to pursue our own aim, which is one of cooperating with all the great world powers."

Neo-Fascist accused of planting Brescia bomb

BY ROBERT GRAHAM

ROME, May 19.

A WELL-KNOWN neo-Fascist has been charged with planting the bomb that exploded at Brescia during an anti-Fascist rally on May 28 last year, killing eight people and wounding 80. The man concerned, Ermanno Bozzi, is already in prison for being involved in the death of a Right-wing student who was killed a few days before the Brescia incident while carrying an explosive device allegedly on Bozzi's orders.

Brescia magistrates have spent nearly a year investigating the incident. But despite over 50 arrests, this is the first time direct responsibility has been pinned on an individual. Some observers in the Press have noted that the timing of te announcement is not without significance. It comes just before the anniversary of the incident and therefore allays the growing wave of criticism at the authorities' inability to produce concrete results. The timing also coincides with the passing by the Senate of a highly controversial law and order Bill which gives much greater discretionary powers to the police in cases of political and criminal violence.

Law and order has been the dominant political theme over the past three months as Italy has witnessed a mounting wave of violence.

The fragile Centre-Left coalition Government of Sig. Aldo Moro was deeply split in discussing the new police powers. But the Socialists, who would like to have rejected such a serious potential incursion on civil liberties, found themselves unwilling to provoke a Government crisis prior to the June elections. Thus the measures passed through Parliament with only the Communists objecting.

No one expects the law and order issue to rest there, however. The man in charge of Italy's anti-terrorism department, Sig. Aldo Santillo, has himself said he anticipates more political violence.

Treasury hit by strike

BY OUR OWN CORRESPONDENT

ROME, May 19.

CIVIL servants in the Italian Treasury and Accounts Office to-day began an indefinite strike in protest over what they claim is inadequate pay and staff. This strike, on top of others already begun, threatens to paralyse key institutions administering the economy.

The Treasury strike, if prolonged, will mean a heavy delay in all payments of May salaries for state employers plus a halt to pension and other benefit payments.

Tax officers have been on strike for nearly two weeks, and the deadline for the compilation of last year's tax forms, orginially April 30, has been postponed indefinitely.

Meanwhile, Customs officials to-day initiated a four-day shutdown of all operations over pa yand work conditions, and to-morrow all civil servants will observe a one-day strike to pressure the Government into speeding administrative reform.

Belgian unions' index move

BY DAVID CURRY

BRUSSELS, May 19.

BELGIUM'S two most important unions have now indicated privately to the Government that they are willing to discuss the future of the system of indexing wages to the cost of living. At present wages are adjusted monthly, and it is calculated that two-thirds of the rapid acceleration in the country's wage costs —up 25 per cent. last year— is due solely to indexation.

For some time, the employers have been insisting that, unless something is done quickly to rein in this increase, the country's exports will rapidly become uncompetitive; half of the country's manufacturing jobs depend on exports.

The employers have in mind a system which awards increases retrospectively over a longer period of six months or a year, rather than reflecting every monthly nuance of price movement. Price movements tend to be exaggerated in the index because the index is based on only about 150 items.

The unions—particularly the more rhetorically militant Federation Generale des Travailleurs de Belgique—have, over the past few months, indicated that they would defend the present index system against all comers, though the *Catholic Socialist* Union (CSC), which draws its strength predominantly from Flanders, has been noticeably less strident in its denunciations of attempts to promote a revision of the system.

OVERSEAS NEWS

Thais win U.S. apology, Cambodian forgiveness

BANGKOK, May 19.

THE UNITED STATES to-day officially apologised to Thailand for involving it in the Mayaguez recovery operation against its wishes. Foreign Minister Chatichai Choonhavan told reporters he had received a letter of apology from U.S. Charge d'Affaires Edward Masters.

At the same time Cambodia offered an olive branch to Thailand, despite the use by America of its bases in this country to recover the merchant ship last week. An Information Ministry communique read over Phnom Penh Radio again attacked the United States, but said: "We want our country and Thailand to get closer and closer in the future—without any reservations."

The rescue operation had raised fears in Bangkok of an adverse Cambodian reaction, but now the edge seems to be off the diplomatic crisis.

Mr. Chatichai said the most important part of the American letter said the U.S. Government wanted to express its regrets to Thailand "over what the Americans did to Thailand recently." It said the U.S. would not repeat such action, would respect Thai sovereignty and was looking forward to continued co-operation, understanding and good relations with Thailand, he added.

It appeared likely to observers here that the apology would defuse Thai anger against the use by the U.S. of the air base it occupies at U-Tapao as liftoff point for the sea and air operation last week. Several hundred Thai students to-day kept up a peaceful anti-American demonstration outside the U.S. Embassy here for the third day running. An apology from Washington was their main demand.

But Thailand said it was still recalling its Ambassador and reviewing its agreements with Washington.

Meanwhile the statement from Phnom Penh said Cambodians had a duty to defend themselves and to attack "the American imperialists who have attacked us for five years: . . . Cambodia has never attacked neighbouring countries such as Thailand and has never had military bases in these countries to attack other countries. As a result we want our country and Thailand to get closer and closer in the future, without reservations."

But a South Vietnamese delegation to Bangkok said today that Thailand's lack of response to demands for the return of warplanes to Saigon had "not created favourable conditions for establishment of new relations" between the two countries.

A statement from the three-man team which arrived here on Friday said it had again asked the Thais to return aircraft flown to Thai bases by pilots fleeing South Vietnam before last month's Communist takeover.

Reuter

Saigon takes over British companies and property

BY STEWART DALBY

SAIGON, May 19.

DESPITE Britain's recognition of the Provisional Revolutionary Government of South Vietnam, the Military Management Committee which is still running Saigon this week-end completed the takeover of all British property in the capital.

Most houses and villas belonging to the British Embassy and British companies, as well as the embassy building itself, were looted by Saigonese before the Communist takeover on April 30. Since then they have been occupied by Liberation Forces soldiers, who appear to be doing no further damage to the properties or the possessions left behind in them.

Besides the embassy's houses and villas, some of which the British Government owns, British interests include houses and apartments owned and rented by the Shell company, the Hong Kong and Shanghai Bank and the Chartered Bank. The working premises and offices of these three companies were untouched by the looting. The two banks still have their doors firmly closed and it is not clear when, if ever, they will be allowed to re-open. At the Shell building the Vietnamese staff are still getting books and papers in order to hand over to a sub-committee of the Military Management Committee. I was told that this is not nationalisation, but "possession."

It is impossible to tell at this stage just when the British property is going to be relinquished or whether the British embassy is going to be allowed to return. All American property has been officially confiscated, but although British property has been possessed, it is not clear whether this is a short term measure.

Tokyo orders slower bond sales

BY PETER DUMINY

TOKYO, May 19.

JAPANESE securities companies have been told to slow up the sales of two-month Treasury bonds to overseas buyers, following the introduction of about $400m. by this vehicle since April 25.

According to bankers, the inflow has been essentially a short-term arbitrage operation, mainly by American commercial and investment banks. The enabling conditions have been ready availability of the Treasury paper, of which there have been large issues to finance the Government's running deficit since late last month, the assured yield to maturity of 6.68 per cent.; strength of the Yen in forward markets: and the present relatively low Eurodollar rates.

This combination of factors has assured banks taking advantage of the situation of a profit at the end of two months, when they will again hold dollars as a result of having made forward purchases at the outset. A foreign exchange dealer said to-day that the foreign exchange operation (buying yen spot and selling it two months forward) is yielding about 1.4 per cent., which, with the return on the short-term bonds, more than covers the cost of the funds in the Eurodollar market.

Foreign purchases of short-dated securities are theoretically subject to official approval. However, this has been given virtually automatically for several months past. The Bank of Japan apparently has no intention of enforcing rigid controls at this stage, but has made clear its wishes that the influx should now be stabilised.

U.S. threat of force angers Arabs

By Ihsan Hijazi

BEIRUT, May 18.

Arabs have reacted angrily to last night's statements by the U.S. Secretary of Defence, Mr. James Schlesinger, in which he hinted at use to force in the event of another Arab oil embargo.

Commentators have found Mr. Schlesinger's remarks, made in a Washington television interview, strange because they came shortly before the meeting in Salzburg on June 1 between President Ford and the Egyptian President, Mr. Anwar Sadat. They also coincided with what has been described as a reassessment of the U.S. Middle East policy.

During his tour of four Arab States last week, which ended yesterday, Mr. Sadat repeatedly said he was going to Salzburg to get from President Ford a briefing on the reappraisal of U.S. policy.

Following the failure of Dr. Henry Kissinger's Middle East mission in March, Washington has been dropping hints that the purpose of its projected reassessment was to strike a balance between the Arabs and Israelis.

During his last visit to Saudi Arabia before going back to Washington, Dr. Kissinger himself discounted all speculation about the possibility of the U.S. resorting to force against Arab oilfields in the event of another embargo. This was re-emphasised by Vice-President Nelson Rockefeller.

Now, Arab sources said, the statement by Mr. Schlesinger meant a revival of the old U.S. policy of threats.

The U.S. Secretary said that in the event of another Arab oil boycott, the U.S. would be less tolerant and could resort to economic, political and "conceivably military measures in response."

● Jordanian Premier Zeid Rifai, paid a six-hour, previously unannounced visit to Damascus to-day and later departed for Amman. Government sources said. The visit included a four-hour meeting with President Hafez Assad which was also attended by Premier Mahmoud Ayyoubi and Foreign Minister Abdel Halim Khaddam.

A diplomatic source said the talks were of a "political and military nature and of a highly important and secret type." A Government announcement said the talks covered a review of the Middle East situation.

UPI

MOROCCO AND SPANISH SAHARA

King Hassan's diversion

BY PAUL ELLMAN, RECENTLY IN RABAT

THE JOUSTING season between Morocco and Spain over the mineral-rich territory of Spanish Sahara has come around again, with the two sides even farther away than ever from agreement. The despatch of a United Nations team to try to assess the feelings of the territory's 60,000-80,000, mostly nomadic, inhabitants has produced a fresh round of scimitar rattling from Rabat. Madrid has hurriedly reinforced the garrisons in the two enclaves it still controls on the Moroccan coast.

This tension also coincides with joint moves by Morocco and Mauritania, which has a residual claim to Spanish Sahara, before the International Court of Justice at The Hague to win a ruling that Spain's continuing occupation of the territory, also known as Rio de Oro, is illegal. The affair could well turn out to be a welcome opportunity for the Moroccan Government to deflect attention from growing economic difficulties.

After an unprecedented rise of foreign earnings resulting from price increases, totalling 450 per cent. over 18 months, for its phosphate exports, Morocco's most ambitious attempt yet to set the economy on the path to modernisation has developed an attack of hiccups. How long the attack will last remains to be seen, but its most immediate effect is that the country is faced with having to reduce some of the targets it set for itself in the 1973-77 Five Year plan.

The specific objectives set by the plan include a 7.5 per cent. real annual increase of the GDP, investment totalling Dirham26bn (about £2.6bn.), the elimination of underemployment, and the limiting of inflation to 5 per cent. a year. The money to reach these targets was expected to come from phosphate earnings which rose by over 37 per cent in 1974 to Dirham4.8bn. Moroccan officials proudly boasted that phosphates were "our oil," since phosphates are a basic ingredient of fertilisers it looked at a time of world food shortage as though consumers, for whom Morocco provides 37 per cent. of world supplies, would have to pay up or do without.

But while the revenues have poured in from abroad, pushing reserves up by 45 per cent. last

year to $465m., or the equivalent of three months' import costs, the use to which Morocco has been forced to put them have tended to move increasingly further away from the growth objectives of the 1973-77 plan.

Three successive bad harvests—as little as 35 per cent. of the normal wheat crop may be harvested this year owing to continuing drought—along with rapidly rising costs of major imports, like petroleum products, vegetable oils, and sugar, have put an end to hopes, at least for the immediate future, of continued substantial payments surpluses. Indeed, bad Moroccan workers overseas not remitted a total of Dirham1.5bn., the country would not have emerged with the surplus of Dirham540m. it achieved in 1974.

Inflation accelerated in the first months of this year above the 1974 rate, officially estimated at 14 per cent., but unofficially at 17 per cent. To offset this, the Government, through the Caisse des Compensations, is currently subsidising a range of products. This has not been enough to cool worker unrest and this year has seen a growing number of strikes in support of pay claims to counter the rising cost of living.

Private investment, which is supposed to account for half the investment target set out in the plan, has become afflicted by a severe attack of "wait and see," while public sector programmes have also had to be slightly trimmed. Although ministers claim that the GDP rose by 9 per cent. last year in real terms, independent diplomatic sources suggest that it was nearer 5 per cent., or only two-thirds of the targeted growth.

Tourism is among the sectors most visibly affected by the slow-down of investment. This industry last year earned Morocco dirham 900m. The 1973-77 plan foresaw the creation of 55,000 new tourist beds or double the number which existed previously. Halfway through the plan, however, only just over 4,000 have been completed, and it is widely accepted that the final total will be well short of the target.

None of this is to suggest that Morocco's bid for growth is doomed to fail because the country has set itself goals which it cannot hope to attain. The problems at the moment are for the most part short-term. Unlike neighbouring Algeria, for example, which is trying to re-shape its economy on the strength of oil reserves sufficient for only two decades, Morocco knows that its phosphate deposits are good for another 2,000 years. Time, however, is not on the side of King Hassan and his Government, who have known real political stability for only two years. The rapid rise in earnings from phosphates was also designed to provide the economic conditions in which this stability could be prolonged. Now, however, even these earnings are under direct attack with signs emerging that consumer resistance, coupled with the willingness of American suppliers to accept lower prices on the world market, have already driven phosphate prices down by 30 per cent. this year. Admittedly, the fall looks small in comparison with the increases previously imposed by the Moroccans, but coming on top of the other problems the country confronts it is likely to make the ambitious targets it has set itself even more difficult to achieve. In this connection, a rapid solution to the problem of Spanish Sahara is becoming even more urgent for King Hassan and his advisers.

The Rabat Government knows that the Spanish Sahara's considerable own phosphate resources could be used as part of the process of forcing down world prices, and there is considerable speculation that, should it gain control of the territory, Morocco would not strive to expand its phosphate production.

Rekindling the flames of the dispute with Spain moreover provides a useful external grievance towards which internal dissent can be deflected. King Hassan has already made it clear that the elections he said he would announce before October this year will have to be postponed until after a settlement. Ironically, they were first promised in an attempt to cool passions aroused during last year's campaign over Spanish Sahara.

The sudden change in Morocco's internal and external position have produced a notable tempering of the optimism evident only a year ago.

IN BRIEF

UN African talks

Britain will participate in next month's Lisbon meetings of the U.N. Decolonisation Committee, writes our United Nations Correspondent. Southern African problems—including Rhodesia and Namibia—will be discussed at the meeting.

Briton sentenced

A military court martial has given a 69-year-old British national and former close associate of deposed Emperor Haile Selassie a three-year suspended sentence on charges of attempting to overthrow the Government. Mr. Leslie Cramer, who has lived in Ethiopia for more than 25 years, was charged with writing letters to a former Government official living in Britain advocating the raising of Arab money to overthrow the present Government and restore Haile Selassie to power.

India-Pakistan

Talks between India and Pakistan on the resumption of overflights and airlinks between the two countries have failed, Our Own correspondent writes from New Delhi. The talks floundered on the settlement of the cases filed by both countries before the International Civil Aviation Organisation following the 1971 hijacking and blowing-up of an Indian Airlines' aircraft at Lahore.

Kurdish amnesty

Iraq has extended for a third and last time an amnesty granted in mid-March to former Kurdish rebels, the official Iraq News Agency has reported in Baghdad. The amnesty will now expire at the end of June.

Amin threat

President Idi Amin of Uganda has threatened to destroy Tanzania if it prevents the Organisation of African Unity summit taking place in Kampala in July, Radio Uganda has said. The statement is the latest indication of the poor relations between the two East African neighbours.

S. African link

South Africa's two smallest Parliamentary parties—the Progressive Party and the Reform Party—have agreed in principle to merge, they announced yesterday in Johannesburg. The move may produce a more dynamic Opposition in Parliament to Prime Minister John Vorster's National Party Government.

Tourists hurry for their foreign currency

BY ARTHUR SANDLES

BRITAIN'S holidaymakers planning trips abroad are hurrying to get their foreign currency well ahead of their departure dates in an effort to escape the full impact of the falling pound. Banks are reporting booming business and a tightening of the rules covering the sales of currency.

American Express yesterday was talking of "a dramatic rise in sales of foreign currency travellers' cheques." Thomas Cook said it, too, was experiencing a substantial surge as the travel season approached and holidaymakers attempted to cover their needs.

"The increase reflects an awareness among travellers of the strength of foreign currencies," said American Express, "and the tendency towards earlier purchase of foreign currency cheques to guarantee the value of holiday funds."

Travellers are beginning to take a jaundiced look at sterling as a means of taking money abroad and turning, instead, either for foreign currency cheques or to the currency itself. Foreign currency cheques are available from a variety of sources.

However, as some banking sources were stressing last night, not all issuing banks have the same rules about loss or replacement, nor the same encashment opportunities as some of the big international organisations and buyers of such foreign currency cheques should make their purchases with care.

'Gas will not always be cheaper'

By Our Industrial Staff

A CALL for the Government to adopt "a more logical pricing policy" for coal and energy generally was made yesterday by Mr. Peter Hawksfield, chairman of the Chamber of Coal Traders.

Mr. Hawksfield gave a warning at a Coal Industry Society lunch that consumers who had converted to gas might find they were no better off once gas from the more expensive Frigg and Brent Fields came on stream.

So it was "misleading and inequitable" that the Gas Council could continue to suggest that price differentials between North Sea Gas and other fuels would be maintained.

Marketing efforts, added Mr. Hawksfield, should ensure that the consumer had the fuel he wanted and which performed well on his appliance, industrial and domestic, rather than have to make do with a substitute.

Yarrow chairman hits 'grossly inadequate' State offer

BY DAVID BELL

THE GOVERNMENT'S proposed compensation terms under the recently published Bill to nationalise the shipbuilding industry are "grossly inadequate," Sir Eric Yarrow, chairman of the parent company of Yarrow (Shipbuilders), said yesterday.

In a letter to shareholders he said the terms "totally fail to meet the Government's undertaking to pay fair compensation" and they would be resisted by every means possible.

The Bill proposes that quoted companies should be acquired on the basis of the average share price in the six months to February 27, 1974. As Yarrow (Shipbuilders) is an unquoted subsidiary of Yarrow and Co., compensation will be a matter for negotiation. But Sir Eric maintains, in a letter to shareholders, that "the assessed valuation will be related to the six month reference period and the average share price of Yarrow shares during that period will be a relevant factor."

During this six month period the average price of Yarrow shares was 116p, which values the issued share capital at £4.64m. At that price the Government would acquire net tangible assets of more than £10m., which earned profits of more than £7m. last year.

Sir Eric says that these terms are particularly unfair in Yarrow's case because, under the terms of the £4.5m. Ministry of Defence loan the company received when it left Upper Clyde Shipbuilders in 1970, Yarrow (Shipbuilders) is not allowed to pay a dividend or distribute its profits to Yarrow and Company.

The company argues that had it *been allowed to receive the profits* of its subsidiary, its dividend might have been higher and would have been reflected in the share price. The company's Finance Director said last night that in the year to June 30, 1974, Yarrow's earnings per share excluding shipbuilding were about 8p. With shipbuilding they were about 101p.

Sir Eric also attacked the terms as quite different from those used when Court Line was taken over last August. Then, the basis of valuation was described as "taking into account the past trading records of the companies their future prospects and their net assets."

Motor trade turnover up 30%

By Our Motor Industry Correspondent

TURNOVER of the motor trades in the first quarter of 1975 showed a disappointing 30 per cent. increase on the same period last year.

The figures, issued by the Department of Trade yesterday, are based on current prices, and therefore include the effect of the unprecedented price increases last year. They also compare with the period in the first quarter of 1974 adversely affected by the three-day week and petrol shortage.

Secondhand vehicles showed a slightly larger increase than the average, going up by 32 per cent.

● The British Car Auction Group said the value of used vehicles rose by 20 per cent. in the past five months.

Krugerrand charges: two in court

FINANCIAL TIMES REPORTER

PROCEEDINGS against two young Swiss men alleged to have ben concerned in smuggling gold Krugerrands from the Continent were adjourned at Uxbridge Court yesterday.

The men are Daniel Brunner, who is accused of trying to smuggle 1,850 Krugerrands into the country and Christian Schwegler, who is charged with being involved similarly with 2,500 Krugerrands.

Both have been charged by the Customs and Excise with offences under the prohibition orders on the import of gold coins, including Krugerrands, imposed in the Budget on April 15 and have been remanded in custody until next week.

A third man, Martin Davies, 35, described as a company director, of Bridge Hall, Burgess Hill, has already been remanded on bail until June 5 on a charge of keeping 1,000 Krugerrands in his possession in Mount Street, Mayfair, on May 3 without proper authority.

He is a director of a London firm engaged in large scale dealing in Krugerrands with City investors and at one time was dealing in metals on the London Metal Exchange. During the course of their inquiries in the past two weeks the Customs have exercised their powers to seize Krugerrands worth more than £100,000, as well as £130,000 in bank notes, and two motor cars, which have been found in the London area.

Investigations in Belgium and Switzerland to trace the origin of large quantities of Krugerrands suspected to have come into Britain recently are continuing.

Dumping complaints by British industry on the increase

BY LORNE BARLING

INCREASING NUMBERS of foreign companies are being accused by British industry of "dumping" goods on depressed markets at *damagingly* low prices.

A flood of requests has been made to the Department of Trade in recent weeks to investigate alleged dumping, mainly from Far Eastern and Eastern European countries. Most notably these have been in the timber, motor and textile industries.

One suggested reason is the high price manufacturing companies have paid for raw materials and stocks built up at high prices during the last year, complemented by pressure on foreign companies to maintain export sales.

A complaint to the Department that "material damage" is being caused to any company's or industry's business can lead to a warning through the Government concerned and the imposition of duties to raise prices to acceptable levels.

The Society of Motor Manufacturers and Traders has made such a complaint about the imports of Japanese cars and has asked for a protective duty pending an investigation.

This is based on the suggestion that many Japanese manufacturers have not increased their prices despite a cut in production and inflation of over 20 per cent.

According to Department of Trade guidelines on dumping, the "fair market price" is, in most cases, the price which the overseas supplier charges for comparable sales in his own country, or in other export markets.

No precise definition is laid down for assessing material injury and each case is examined on its merits, although the industry concerned is generally regarded in the narrowest possible sense. The manufacture of a single product can be regarded as an industry.

Anotner of the most recent applications has been in relation to imports from Singapore and Taiwan of a specialised plywood, which accounts for about 5 per cent. of total plywood imports, worth nearly £100m. a year at 1973-74 prices.

Damaging

Although the name of the complainant company has not been revealed, it is part of a very small section of the industry producing pre-finished plywood or similar products which are used for wall panelling and similar decoration.

But it is argued by importers that if anti-dumping duties are applied indiscriminately, they can have the effect of pushing up retail prices. For example, if duty was applied to the 8m. cubic metres of softwood entering the country anually, to protect the comparatively small home industry, it would have damaging effects.

Furthermore, if the duties are *seen as a disguised import control*, there is the danger of foreign countries taking reciprocal action, as has been hinted at in Japan.

In depressed economic circumstances, with the value of sterling low enough to make British exports attractive in countries with stronger currencies, it is possible that this sort of retaliation will occur.

The Timber Trades Federation, *which represents importers, and* which is naturally opposed to any restrictive duty on imports, nevertheless warned that developing countries such as Singapore would not take kindly to such restrictions.

BL revamps Triumphs and raises prices

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

REFINEMENTS OF the Triumph executive saloon range, including a 2500S replacement for the 2.5 PI, are announced by British Leyland to-day.

As part of the revamp, the estate versions of the 2000TC and the 2500TC have been dropped, bringing the total executive saloon range down from six models to four—the 2500S, the 2500S estate, the 2000TC and the 2500TC. This also has the effect of reducing the engine range from three to two, following the dropping of the PI.

Both six cylinder engines have been changed with the aim of greater economy and better performance. Chief among the differences are larger carburettors and higher gearing, while the 2500S has a modified suspension and wider wheels.

The Triumph 2500S also has overdrive, power-assisted steering, light alloy wheels and head restraints as standard equipment.

Prices on all models are increasing, with the 2000TC going up by about £40 and the 2500TC by £140. Including car tax and VAT prices will be: 2500S £3,271; 2500S estate £3,742; 2500TC £3,075; 2000TC £2,713.

● BMW is introducing its long wheelbase 3-litre saloon in the U.K. at a price of £6,393. The 3.0L offers the same space as the 3.3L luxury saloon, but is almost £3,000 cheaper.

BANK HOLIDAY POST CHANGES

There will be no letter collection from posting boxes on Bank Holiday Monday—May 26. The Post Office Users' National Council has agreed that the Post Office should withdraw the collection on a trial basis.ff Collections on May 26 in Scotland—where public holidays differ—will in the main be as normal.

New electricity storage scheme being studied by the CEGB

BY DAVID FISHLOCK

A NEW way of storing electricity on a large scale that may avoid the need for more major pumped-storage projects in Britain, such as the £100m. Dinorwic scheme under construction in North Wales, is being studied by the research department of the Central Electricity Generating Board.

Instead of storing electricity as a head of water ready to drive hydro-electric generators at short notice, the new idea is to store it partly as compressed air and partly as heat.

When electricity is required, the compressed air would be released through the regenerative heat store and the hot air—at temperatures as high as 900 deg. C—expanded through a gas turbine generating set without the need to burn fuel.

Such an electricity storage system could have an efficiency as high as 75 per cent., it is estimated, and would avoid many of the objections raised by environmentalists to large pumped-storage schemes.

These are among the preliminary conclusions of studies carried out by the CEGB's *research department* over the past 18 months, of long term technical options available to the electricity supply industry. They are summarised in the current issue of *CEGB Research*.

The studies, directed by Dr. John Wright, the CEGB's strategic planning officer, conclude that although the Dinorwic storage project, by giving Britain a total storage capacity of 2,500MW, will meet the nation's needs "for some time" as insurance against breakdown of an alternator or transmission line, by the 1990s there will be a compelling new case for much larger storage capacity.

This is because nuclear plant is expected by then to provide a substantial part of the capacity. With efficient and low cost electricity storage, it will be possible to keep the nuclear plants running at high load factors round the clock, with significant advantages, both in generating costs and in the performance and *reliability of the plants*.

Electricity storage, the scientists conclude, "warrants a substantial research investment in the hope of having a suitable system available in good time."

Cost targets

The costs of pumped storage, although attractive on the basis of a "spinning reserve" cycle, "will not necessarily be so for the *high capacity schemes that* would be needed in the 1990s." They set targets of £200 per kilowatt of output (including interest during construction) for capital costs and £22 per kilowatt for running costs.

Assessed against these targets, the high technology proposals for storage, such as super-conducting magnets and lightweight flywheels, do not look promising. Both depend on new materials technology for which costs are very high, while storage would itself stretch specifications to new limits.

"Flywheels, like super-conducting magnet stores, do not rank very high in our list of priorities for research at the moment," they say.

But they believe the scheme for storing, separately, compressed air and the heat of compression, and then re-combining them, would meet their cost targets. The heat, it is envisaged, could be stored simply and very *efficiently in a large column containing* perhaps 50,000 tons of refractory pebbles.

This regenerative heat store could be interposed between the air compressor and an underground air storage cavern, probably excavated in a salt deposit.

It would thus avoid the waste of energy as heat and greatly reduce the cost of excavating the cavern.

When the process was reversed, compressed air passing through the heat store would be reheated almost to its previous temperature. The concept was devised by the CEGB's Marchwood engineering laboratories near Southampton.

Signs of improvement in housebuilding programme

BY JOE RENNISON

MODERATELY reassuring news on the housing front came yesterday from two sources. Apart from indications that programmes are gradually gaining momentum there were suggestions that another boom in prices similar to that in 1972-3 seems unjustified.

According to the chairman of the Halifax, the country's largest building society, there is little prospect of mortgage funds becoming more readily available in the short term.

Final figures for the first quarter of this year from the Department of the Environment show that total starts in housebuilding were 36 per cent. up on the previous quarter and 13 per cent. up on a year earlier. Private-sector starts were up 54 per cent. on the previous quarter, although this was only a 1 per cent. increase on the same period last year.

Seasonally adjusted, the figures show that although based on the very poor performance generally in 1974, the house-building programme shows signs of improvement but is still very low compared with 1972.

The latest statistics from the National House-Building Council show that in the first four months of this year the number of private housing starts increased by 28 per cent. to 41,605 compared with the same period last year. The discrepancy between the Department's 1 per cent. increase for the first quarter and the NHBC's 28 per cent. increase for the first four months is accounted for by the fact that hte NHBC figures are based on an actual count of the houses started, and does not rely on returns.

The council says that on present trends starts should exceed 100,000 this year and completions more than 150,000. While these figures are low by comparison with the last ten years they are better than was feared for much of 1974.

The council says the mini-boom in house sales seems to be giving builders confidence to start new schemes. But whether the present forecast is met or surpassed, it says, will depend on availability of mortgage funds and the amount of building land, despite the 80 per cent. Development Gains Tax.

On mortgages, Mr. Raymond Potter, chairman of the Halifax and recently appointed chairman of the Building Societies Association, said yesterday that "for the moment" they must stay rationed, despite the enormous increase in net inflow of funds into the societies. Adressing the Halifax annual meeting, he said: "We must try to ensure that house prices do not rise to an unnecessary extent."

The matter of house prices "could not be solved in isolation." It was imperative that the Government direct its attention firmly to arresting "the evil of inflation" or at least substantially reducing its present pace. So long as inflation continued, both building costs and house prices would rise.

The idea that house prices would rise dramatically this year was firmly rejected by the Incorporated Society of Valuers and Auctioneers. In its report on the housing market in the first four months of this year, it says such predictions are almost certainly inaccurate and may be based on untypical local situations.

The report confirms the mood of recent statements by the Royal Institution of Chartered Surveyors in association with the Department of the Environment, and by the Building Societies Association. It contradicts certain bullish reports put out by estate agents suggesting another price spiral.

In all price categories the average increase since January 1 has been 3.6 per cent. At the top of the market there are still many houses over-priced by too optimistic selers. The quiet improvement in the market is highlighted by the fact that there are 16 per cent. fewer houses on the market than on January 1.

● There is enough building labour in Merseyside to build 5,000 more homes a year, said Mr. Fred Walker, chairman of the Merseyside Joint Construction Unions, who was leading a deputation to the DoE. He said 11,274, or 30 per cent. of the region's construction labour force were out of work.

Companies warned on excessive pay deals

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

COMPANIES IN trouble because of excessive wage claims were warned yesterday by Mr. Joel Barnett, Treasury Chief Secretary, not to expect to be bailed out with public money.

"I hope there is no illusion that this Government stands ready to save all companies that have got into trouble of that sort," said the Chief Secretary when he answered questions in the Commons Expenditure Committee on the post-Budget situation.

Pressed by Mr. Nigel Lawson (Con., Blaby) on the criteria for helping companies, the Chief Secretary agreed that one criterion would be the rate of return on the investment. At one point, he acknowledged that there could be another "Rolls-Royce" situation, which any Government would wish to save.

"But if there are excessive wage settlements, as the Chancellor has made clear, there would have to be further cuts in public expenditure or increases in taxes, or both," he added.

He was prepared to consider a suggestion that the Government should publish its criteria for helping a company or an industry.

The Chief Secretary was also asked if the Treasury now felt it was reaching the stage where it would be desirable to put forward a public expenditure programme with a cash limit.

Mr. Barnett said that such limits were already operating in some areas but denied that this would automatically slow down public expenditure.

"There are a lot of problems involved in switching to cash limits, and we are looking at these now," he added.

Co-op turnover goes up 27% but trading profit falls

BY SANDY McLACHLAN

THE CO-OPERATIVE Wholesale Society increased its turnover by 27 per cent. in the financial year to January 11, 1975 and sales totalled £903m. excluding the activities of its banking and insurance subsidiaries. However the effects of price controls, threshold payments and the three-day week contributed to a 27 per cent. fall in trading profit to £9.6m.

Announcing these results yesterday the CWS chief executive officer, Mr. Arthur Sugden, commented that few businesses—and especially those connected with the food trade—could look upon 1974 as a good year. However he remained confident that by 1977 the U.K. economy would be showing "some significant degree of recovery."

For this reason the CWS is pushing ahead with its investment programme and intends to spend some £22m. in new investment projects in the current financial year. In the year ended January capital expenditure amounted to £11.8m., an increase of £4.5m. over the previous year.

But although Mr. Sugden committed the CWS to stepping up its investment programme he coupled his with a warning that unless there was some relaxation in the Price Code rules—for food manufacturers in particular—short time working which has so far only largely affected the non-food trades could well extend into food production.

The existing price controls, according to Mr. Sugden, "have crippled us in some of our food manufacturing plants particularly. They have affected us as manufacturers more acutely than any of our retail colleagues, and to the extent of having a dramatic effect on many of our food productive units—turning previously viable operations into unprofitable enterprises."

In addition to the problems created by price controls theh CWS suffered substantial cost increases as a result of the threshold payments system. With its 35,000 employees the 11 threshold payments it had to meet cost the group the equivalent of £8m. in a full year.

Other problems in the U.K. included a swing from a £2m. surplus on investment income for 1973-74 to a £600,000 interest charge in 1974-75. This was due partly to the higher cost of financing stocks and operating expenses, partly to the increased cost of capital development which did not make any contribution to the income of the year under review, and partly to the money needed to finance the business of the Scottish Co-op which the CWS took over in 1973.

The troubles of the Scottish Co-operative Society also affected the results of the Co-operative Bank, whose contribution to the overall CWS profit fell to £1.25m. compared with £4.75m. the previous year. In addition to playing a major part in the rescue of the Scottish Co-op's banking division—the cost of which is still being borne—the bank was prompted by wider economic difficulties to take an ultra-cautious approach to future commitments and to make substantial provisions against possible bad debts.

Included in the banking group figures is a turnround from profit to loss on the part of its subsidiary FC Finance. Special provisions made by the Board in relation to loans against property assets produced a loss of £127,000 in this area against a profit of £1.5m. for the previous year.

Co-op Bank results Page 27;

Hunterston contract for Germany

BY RICHARD EVANS

THE CONTRACT for a £20m. steel plant at Hunterston, Scotland, is to go to a West German company, but on condition that most of the equipment is manufactured in the U.K., the British Steel Corporation confirmed yesterday.

Sir Monty Finniston, chairman of the BSC, has written to Mr. Edward Taylor, Conservative MP for Cathcart disclosing that Korf Engineering of Hamburg is to receive the main contract to design and build a 400,000 tonne direct reduction plant—the first of its kind in Britain.

Sir Monty adds that it will be a condition of the contract that most of the equipment is manufactured in the U.K., but the choice of the sub-contractors will be left to the German company.

Korf Engineering holds the European licence for the Midrex process which BSC found had advantages in cost and in the most economical use of natural gas, which is the source of energy for the process.

It was also considered that the established record of the Midrex process would ensure that the plant would move rapidly into full production once it was commissioned.

Mr. Taylor, an Opposition spokesman on Scottish Affairs, said last night he was disappointed that such a major prestige project was to be placed in Germany. He found some reassurance in the fact that the contract would allow for most of the equipment to be made in Britain, although there was no guarantee that Scottish firms would be appointed sub-contractors

Green light for higher haulage rates

Following representations by the Road Haulage Association, the Department of Prices and Consumer Protection has agreed to amend the Price Code so that hauliers may reflect in their rates the recent increases in Vehicles Excise Duty.

The RHA said it understood that the necessary order is being laid before Parliament this week. It will be brought into operation as soon as possible.

The Budget increased the road fund licence for the larger commercial vehicle by one-third with a minimum of £40 for smaller vehicles. For a vehicle of five tons unladen weight the increase is £63 from £189 to £252 and an extra £153 from £459 to £612 for the 10-tonner.

MPs seek move on bid for Midland-Yorkshire

BY DAVID BELL

LABOUR MPs representing constituencies in which Midland-Yorkshire Holdings has plants told a delegation of workers from the company yesterday that they would try to get the Government to have another look at the £8.1m. bid for the company made earlier this year by Croda International.

The Croda offer for MYH is due to close to-day, although it may be extended, and when figures were last announced Croda had 46.2 per cent. of MYH.

Mr. Peter Archer, Solicitor-General and MP for Warley West, said after the meeting that the group would write to Mrs. Shirley Williams, Prices Secretary, asking her to have a fresh look at Croda's take-over. It was announced earlier this month that the Government had decided not to refer the bid to the Monopolies Commission.

The MPs also decided to investigate whether the Industry Bill might give the Government fresh powers to intervene in the case at a later stage. They are also to approach Mr. Eric Varley, Secretary of State for Energy, about the sale of a 32.6 per cent. stake in MYH to Croda by the British Gas Corporation.

The delegation of 25 men representing all levels in the company was led by Mr. Don Wiltshire, group personnel director of MYH. He said that workers felt it extremely unfair that they had no influence on wo took them over.

The MYH delegation is objecting to the Croda bid on the grounds that there are no guarantees for future employment, that Croda will not be as interested in research as MYH has been and that Croda will be too remote an employer.

London rents pattern shifts

Financial Times Reporter

THE DIFFERENTIAL between the rents obtainable for office and industrial property in Greater London and the South East is narrowing. The rents for the latter are rising faster than for office accommodation and will make them a better investment risk, according to a report published yesterday.

The annual rental survey by Percy Bilton, the industrial development and investment company, is based on figures from the Location of Offices Bureau and Bilton's own figures. Using the same outer areas as before as its yardstick, the report shows that according to the LOB, office rents in Greater London rose by 283.25 per cent. between 1966 and May 1 this year.

Memoirs inquiry starts work

Written evidence on ministerial memoirs is being sought by the committee of Privy Councillors set up to consider the question after the publication of extracts from the Richard Crossman diaries.

The Prime Minister established the committee, headed by Lord Radcliffe, to consider the principles which should govern the publication of former ministers' memoirs and other works relating to their experience.

'Best managers are being lost to Europe'—CBI evidence

BY MICHAEL BLANDEN

THE DANGER of Britain losing its best managers was underlined again yesterday by Mr. R. G. Owen of ICI, leading the Confederation of British Industry team giving evidence to the Royal Commission on the Distribution of Income and Wealth.

Supporting the CBI's written evidence, already published, Mr. Owen said be feared Armageddon if present trends continued. It was not a question just of the numbers of people who would be lost. The higher salaries paid to top management in other European countries would attract away the best, while the U.K. would retain only the mediocre.

The danger existed particularly in relation to the EEC, and affected not only the top management but more significantly those in the £5,000 to £10,000 salary bracket who were looking ahead to further promotion and would provide the next generation of top management.

This was a real danger for the future. At the same time, be drew attention to the narrowing differentials in levels of remuneration.

There was, he said, "evidence for the first time of resistance to promotion" by executives who found the post-tax rewards offered them not enough to compensate for greater responsibility.

Evidence of similar problems was given in a long session yesterday morning at which the Commission, headed by Lord Diamond, heard representatives of the nationalised industries. Mr. K. M. Young, of the Post Office, commented on the sharp compression of differentials which had resulted in a structure which was almost a disincentive to promotion. There was, he said, a degree almost of malaise at the top level.

Special talents

For British Rail, Mr. H. L. Farrimond commented on the problems being experienced in attracting specialised personnel in areas such at hotels. It had been necessary to distort the basic pay structure recently in order to bring in people from outside.

The Coal Board representative, Mr. P. W. Glover, drew attention to the problem of promoting people to the London head office, with the accompanying change of the style of life for those who had previously lived elsewhere. It had been necessary in two cases, he said, to give posts higher grading than would have normally been appropriate in order to attract people.

The nationalised industries drew attention to the need for them to compete with private industry for specialised talent, and at the same time for a salary structure which internally reflected a rational assessment of the responsibilities involved. In the case of the railways, it was said, a planned reorganisation had had to be cancelled because of the unwillingness of the large number of managers involved to undertake the upheaval.

It was also stressed that take-home pay differentials were even more compressed because of the tax structure and Government interventions.

In written evidence the Society of Post Office Executives commented on the effect of restraints on top salaries in holding down the pay at lower levels. It drew attention to growing problems in finding experienced and qualified junior managers for promotion to middle grades.

The Society commented: "It can do no service to the underlying aim of raising standards of living for the community as a whole to place restrictions upon employers and unions, much less upon a particular sector such as publicly owned industry or the higher paid employments, in ways which will militate against efficiency and productivity."

It expressed its belief that "Government attempts to intervene in the labour market at all levels are inevitably discriminatory in their effect and largely futile."

Deep freezers are good for you, says survey

HOUSEHOLDS WITH a deep-freeze enjoyed, in general, a diet of higher nutritional quality than in other households and bought more meat and vegetables, says a report published yesterday.

The National Food Survey Committee on Household Food Consumption and Expenditure in 1973 says that the proportion of households with a deep-freezer increased from 7 per cent. at the end of 1971 to 14 per cent. at the end of 1973.

It is understood that the proportion is now about 18 per cent. Ownership is greatest in higher income groups, large families and rural households.

The average value of all food bought by freezer-owning households was £2.81 a head per week in 1973 — about the same as those with refrigerators—compared with £2.62 in all other households.

Freezer-owning households obtained about 16p worth of food per head each week from their own gardens, allotments or farms compared with 5p worth in other households.

They also appeared to have gained some small economies through bulk-buying but in some cases this also meant buying articles of different type and quality, the report says.

Household Food Consumption and Expenditure: 1973. HMSO £2.33.

Scotch whisky quarterly production down 11%

FINANCIAL TIMES REPORTER

THE CASH-FLOW crisis in the Scotch whisky industry clearly shows up in production statistics for the first quarter of 1975. Output of new Scotch slumped by 11.66 per cent. to 41.24m. gallons when compared with the first three months of 1974.

At the end of last year the Distillers Company, which accounts for more than half the whisky produced in Scotland, announced it would be cutting back on output until its financial situation eased.

In the first quarter the drop in production of malt whisky was down just 4.6 per cent. on the same period a year ago. The total malt distilled was 19.6m. gallons.

For grain whisky, more easy to produce in quantity and which was already showing something of a surplus, the output fell 17 per cent. to 21.6m. gallons.

Apart from adding the important Scotch flavour to whisky, the malts are also buoyed up by sales in bulk to some overseas markets such as Japan and the Argentine with other neutral spirits to produce local whiskies.

HOME CONTRACTS

John Laing to build £9m. computer centre

JOHN LAING CONSTRUCTION, Yorkshire region, has been awarded a contract worth £9m. by the Department of the Environment property services agency for an Inland Revenue computer centre at Shipley, Yorkshire.

The two-storey computer block will be linked to a five-storey administrative block and a two-storey welfare block. These three buildings will total 323,000 square feet. The order also includes roads, hard landscaping and car parks. Work is due to be completed in early 1978.

*

PLESSEY COMPANY has won a £159,220 contract from Glasgow Corporation to supply and instal traffic signal equipment and pelican crossings.

*

RCA, Sunbury-on-Thames, has received a three-year Ministry of Defence contract for the continued operation and maintenance of the ballistic missile early warning system at RAF Fylingdales, Yorks. About 400 RCA service division personnel are employed at the Yorkshire installation, one of three ballistic missile early warning sites. All three have direct computer-to-computer communications with the North American Air Defence Command's combat operations centre and space defence centre near Colorado Springs.

*

HOLLAND, HANNEN AND CUBITTS CONSTRUCTION has received a £1m. British Airports Authority contract for a new office block at Heathrow. This will be a four-storey building, which will also include staffing accommodation, baggage handling and catering facilities.

*

GEORGE LONGDEN AND SON, Sheffield, part of the Whitecroft Group, has been awarded a £167,000 contract for foundation works for the British Steel Corporation's forges, foundries and engineering works group. This comprises foundation works for three heat treatment furnaces and a core drying stove, crane extensions, transfer lines and flooring at BSC's River Don Works, Sheffield. Completion is due in August.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on May 19, 1975. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from the market rates of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (O) official rate; (F) free rate; (T) tourist rate; (n/c) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling-dollar rate; (Bk.) bankers' rate; (Bas.) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afars & Issas	Djibouti Franc	380(sg)
Afghanistan	Afghani	156 (A)
Albania	Lek	(O)10.10(A) (T)25.25(A)
Algeria	Dinar	(A)8.82
Andorra	French Franc	9.523¼
	Spanish peseta	128.875
Angola	Ang. Escudo	56.10
Antigua (S)	E. Caribbean	4.80
Argentina	Ar. Peso	(cm)25.02 (fn)54.67
Australia (S)	Australian $	1.7174
Austria	Schilling	38.50
Azores	Portug. Escudo	56.10
Bahamas (S)	Ba. Dollar	2.3115½
Bangladesh (S)	Taka	18.9565(sg)
Bahrein (S)	Dinar	0.910½
Balearic Is.	Spa. Peseta	128.875
Barbados (S)	Barbados $	4.80
Belgium	B. Franc	(cn)80.35 (fn)82.75
Belize	B$	4.0
Bermuda (S)	Bda. $	2.3055
Bhutan	Indian Rupee	18.752(sg)
Bolivia	Bolivian Peso	46.07
Botswana (S)	S. A. Rand	1.5665
Brazil	Cruzeiro	18.80
Br. Indian Oc. Is. (S)	Australian $	1.7174
Br. Virgin Is. (S)	U.S. $	2.3055
Brunei (S)	Brunei $	5.1935
Bulgaria	Lev	(O) 2.30 (T) 2.84
Burma	Kyat	(A)14.64½
Burundi	Burundi Franc	181.87
Cambodia	Riel	n.a.
Cameroun Rp	C.F.A. Franc	466½
Canada	Canadian $	2.3792
Canary Is.	Spanish Peseta	128.875
Cape Verde Is	Cape V Escudo	56.10
Cayman Is. (S)	Cay. I. $	1.9228
Cent. Af. Rp.	C.F.A. Franc	466½
Chad	C.F.A. Franc	466½
Chile	C. Escudo	(Bk) 9,440 (T) 10,561
China	Renminbi Yuan	4.0794
Colombia	C. Peso	(F)68.02
Comoro Is	C.F.A. Franc	466½
Congo (B'ille)	C.F.A. Franc	466½
Costa Rica	Colon	19.8101
Cuba	Cuban Peso	1.9066
Cyprus (S)	Cyprus £	0.8187
Czechoslov'kia	Koruna	(com)12.68 (n/c)12.48 (T)22.20
Dahomey	C.F.A. Franc	466½
Denmark	Danish Krone	12.54¼
Dominica (S)	E. Caribbean $	4.80
Domin. Rep.	Dominican Peso	2.3055
Ecuador	Sucre	(O)57.50 (F)57.59
Egypt	Egyptian £	(O)0.9550125 (T)1.46176
Ethiopia	Ethiopian $	(P)4.7757
Eq'l Guinea	Peseta	128.875
Falkland Is. (S)	Falkland Is. £	1.0
Faroe Is.	Danish Krone	12.54¼
Fiji Is. (S)	Fiji $	1.9287
Finland	Markka	8.16½
France	French Franc	9.523¼
Fr. C'tyin Af.	C.F.A. Franc	466½
Fr. Guiana	Local Franc	9.523¼
Fr. Pac. Is.	C.F.P. Franc	169.58
Gabon	C.F.A. Franc	466½
Gambia (S)	Dalasi	4
Germany (East)	Ostmark	8(A)

Place and Local Units		Value of £ Sterling
Germany West	Deutschemark	5.405¼
Ghana (S)	Cedi	2.65
Gibraltar (K)	Gibraltar £	1.00
Gilbert & Ellice Is. (S)	Aust. Dollar	1.7174
Greece	Drachma	69.518
Greenland	Danish Kroner	12.54¼
Grenada (S)	E. Caribbean $	4.80
Guadaloupe	Local Franc	9.523¼
Guam	U.S. $	2.3055
Guatemala	Quetzal	2.3055
Guinea Rep.	Sily	n.a.
Guinea Bissau	♦♦	♦♦
Guyana (S)	Guyanese $	5.81
Haiti	Gourde	11.5175
Honduras Rep	Lempira	4.62
Hong Kong (S)	H.K. $	11.2775
Hungary	Forint	(com) 112.77 (nc)(T)45.07
Iceland (S)	I. Krona	346.90
India (S)	Ind. Rupee	18.752(sg)
Indonesia	Rupiah	955.85
Iran	Rial	(A)152.4
Iraq	Iraq Dinar	0.685
Irish Rep	Irish £	1.00
Israel	Israel £	15.2132
Italy	Lira	1,445¼
Ivory Coast	C.F.A. Franc	466½
Jamaica (S)	Jamaica Dollar	2.0951½
Japan	Yen	672½
Jordan (S)	Jdn. Dinar	0.725(sg)
Kenya (S)	Ken. Shilling	16.4722
Korea (Nth)	Won	n.a.(g)
Korea (Sth)	Won	1,114.65
Kuwait (S)	Kuwait Dinar	0.667
Laos	Kip	n.a.
Lebanon	Lebanese £	5.075
Lesotho	S. African Rand	1.5665
Liberia	Liberian $	2.3055
Libya	Libyan Dinar	(P)6.8195
Liecht'stein	Swiss Franc	5.90
Luxembourg	Lux Franc	80.55
Macao	Pataca	12.7525
Madeira	Portug'se escudo	56.10
Malagasy Rp.	MG Franc	466½
Malawi (S)	Kwacha	1.9592
Malaysia (S)	Malaysian $	5.18
Maldive Is. (S)	Mal Rupee	n.a.
Mali Rp.	Mali Franc	932.75
Malta (S)	Maltese £	0.8480
Martinique	Local Franc	9.523¼
Mauritania	Ouguiya	♦
Mauritius (S)	M Rupee	13.55
Mexico	Mexican Peso	28.76
Miquelon	C.F.A. Franc	466½
Monaco	French Franc	9.523¼
Mongolia	Tugrik	(O) n.a.(g) (T) n.a.
Montserrat	E Caribbean	4.80
Morocco	Dirham	9.56(sg)
Mozambique	Moz. Escudo	56.10
Nauru Is.	Aust. Dollar	1.7174
Nepal	Nepalese Rupee	24.40
Netherland	Guilder	5.525¼
Neth. Ant'les	Antillian Guild	4.1255
New Hebrides	Franc	160.747
	Aust. Dollar	1.7174
N. Zealand (S)	N.Z. Dollar	1.7470
Nicaragua	Cordoba	16.17
Niger Rp	C.F.A. Franc	466½
Nigeria (S)	Naira	1.4536
Norway	Norg Krone	11.56
Oman Sultanate of (S)	Rial Omani	0.798
Pakistan (S)	Pkst. Rupee	22.50(sg)
Panama	Balboa	2.3055
Panama Canal Zone	U.S. $	2.3055
Papua N.G. (S)	Aust. Dollar	1.7174

Place and Local Unit		Value of £ Sterling
Paraguay	Guarani	285.74
P'ple's D. Rp. of Yemen (S)	S. Yemen Dinar	(A)0.79
Peru	Sol	ex/c A89.15 (A)100.05
Philippines	Ph. Peso	16.2825
Pitcairn Is. (S)	£ Sterling	—
	New Zealand $	1.7470
Poland	Zloty	(Bas.)47 (T)76.50
Portugal	Pgse Escudo	56.10
Port Timor	Timor Escudo	56.10
Principe Isle.	♦♦	♦♦
Puerto Rico	U.S. $	2.3055
Qatar (S)	Qatar Ryal	9.06
Reunion Ile de la	C.F.A. Franc	466½
Rhodesia	Pound ●●	n.a.
Romania	Leu	(cm)11.44 (n'c)(S)28.1
Rwanda	Rwanda Franc	214.66
St. Christopher (S)	E. Caribbean $	4.80
St. Helena (S)	£ Sterling	—
St. Lucia (S)	E. Caribbean $	4.80
St. Pierre	C.F.A. Franc	466½
St. Vincent (S)	E. Caribbean $	4.80
Salvador El	Colon	5.76
Samoa (Am)	U.S. $	2.3055
San Marino	Italian Lira	1,445¼
Sao Tome	♦♦	♦♦
Saudi Arabia	Ryal	8.05
Senegal	C.F.A. Franc	466½
Seychelles	S. Rupee	15.55
Sierra Leone (S)	Leone	2.0
Singapore (S)	Singapore $	5.1935
Somali Rep.	Som Shilling	(A)14.78(sg)
Sth. Africa (S)	Rand	1.5665
S. W. Africa Territories (S)	S. A. Rand	1.5665
Spain	Peseta	128.875
Span. Ports in North Africa	Peseta	128.875
Sri Lanka (S)	S. L. Rupee	15.6858(sg)♦♦
Sudan Rp.	Sudan £	(A)8.57(sg)
Surinam	S. Guilder	4.1255
Swaziland (S)	Lilangeni	1.5665
Sweden	S. Krona	9.051½
Switzerland	Swiss Franc	5.90
Syria	Syria £	(A)8.57(sg)
Taiwan	New Taiwan $	(P)87.533
Tanzania (S)	Tan. Shilling	16.46½
Thailand	Baht	46.7525
Togo Rp.	C.F.A. Franc	466½
Tonga Is. (S)	Pa'anga	1.5755
Trinidad (S)	Trin. & Tobago	4.80
Tunisia	Tunisian Dinar	0.952(sg)
Turkey	Turkish Lira	33.0008
Turks & Ca.	U.S. $	2.3055
Uganda (S)	Ug. Shilling	16.4775
Utd. States	U.S. Dollar	2.3055
Uruguay	Uruguay Peso	(cm)5.351 (fn)5.765
Un'd A'b Emts	U.A.E. Dirham	9.12½
U.S.S.R.	Rouble	1.62
Upper Volta	C.F.A. Franc	466½
Vatican	Italian Lira	1,445¼
Venezuela	Bolivar	9.86(x)
Vietnam (Nth)	Dong	(O)n.a.(g) (T)n.a.(g)
Vietnam (Sth)	Piastre	n.a.
Virgin Is. U.S.	U.S. Dollar	2.3055
Western Samoa (S)	Samoan Tala	1.5745
Yemen	Ryal	10.20(sg)
Yugoslavia	New Y Dinar	38.5671
Zaire Rp.	Zaire	1.1512
Zambia (S)	Kwacha	1.4817

♦ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.

♦♦ Rupees per pound. Tourists visiting Sri Lanka receive a premium of 65 per cent.

●● A decimal currency for the dollar, equal to 10 Rhodesian shillings was introduced by the Independent regime on February 17, 1970. Recent reports suggest a rate of about 1.54 Rh dollars to £1.

♦ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs.5 to one unit of the new currency.

(x) General rate: oil and iron exports 9.67.

(g) The Mongolian tugrik has lately been reported to stand at an official commercial rate of 3.225 Russian roubles, the North Vietnam dong at 0.306 roubles, and the North Korean won at 0.7483 roubles. With the pound standing at 1.62 roubles, the following relationships could be calculated for the pound: £1=7.20 tugriks: £1=5.29 dongs: £1=2.26 won.

♦♦ Information not available for this edition.

* Rate is the Transfer market (controlled).

LABOUR NEWS

NUPE to seek 33% increase in autumn

BY CHRISTIAN TYLER, LABOUR STAFF

GOVERNMENT HOPES that pay pressure will ease during the next wage round were dented yesterday when the National Union of Public Employees voted to seek a 33 per cent. rise this autumn.

NUPE's decision, taken at the union's conference in Scarborough, will strengthen the hand of Government criticis who argue that some form of statutory policy is now needed to reverse the current trend of 30 per cent. settlements.

The significance of yesterday's unanimous vote by NUPE delegates is that NUPE, with a claimed 500,000 members in local government and the health service, is the dominant union in the first major wage negotiations of the annual wage round—those covering 1m. council manual workers.

NUPE decided to press for a £10-a-week increase in the minimum rate, currently £30 a week, plus a 35-hour working week.

Last November council manual workers won an 18 per cent. "new money" increase, which, coupled with threshold payments, gave them a total increase of over 30 per cent. Because this settlement brought the lowest-paid worker up to the TUC target of £30 a week, the unions and employers were able to say the settlement was within the social contract.

This time the claim will be based on the need to maintan that postion, Mr. Alan Fisher, NUPE general secretary, told the delegates yesterday.

He said: "We do not see this as an inflationary claim, but we see it as necessary, and the public, if they want the services we provide, has got to be prepared to pay for it.

"We shall be told we are breaking the social contract. We shall be told we are ruining the country and feeding the furnace of inflation and that to do it in the public service—where the ratepayers and taxpayers are eventually responsible for raising the money — is wrong, is dangerous and, at the present time, inflammatory."

Since the last conference the union had seen pay increases of 50 per cent. "But we must ask ourselves: 50 per cent. of what? Fifty per cent. of nothing?

"Our members are some of the lowest paid in the country and 50 per cent. of their basic pay is very different to 50 per cent. of that paid to some of the chairmen of our big industrial companies."

NUPE will now probably urge the annual Trades Union Congress in September to revise its £30 target minimum up to £40 in line with yesterday's vote. But a TUC draft document drawn up by headquarters staff warns against changing the £30 target because of the spin-off from higher-paid workers seeking to maintain differentials with the lower-paid workers.

Unions can end Labour rule, post chief warns

By Our Labour Staff

POWERFUL GROUPS of workers who ignore the social contract were accused yesterday of helping to destrop the Labour Government. The postal workers' leader, Mr. Tom Jackson, a member of the TUC's general council lashed out fiercely at contract-breakers during a speech in which he virtually admitted that the original contract had failed, and that a new attempt must be made by the unions to forge a contract which will work.

Mr. Jackson, general secretary of the 200,000-strong Union of Post Office Workers, was talking about inflation to 1,600 delegates at the opening of his union's annual conference in Blackpool.

He described the social contract as a bold and imaginative attempt by the unions to reach an understanding with the Government and he made it plain that he still believes this is the right course to pursue.

He gave qualified approval to the plan put forward last week-end by Mr. Jack Jones, the transport workers' leader, for flat-rate pay rises based on the cost cost of living.

Mr. Jackson came short of full backing when he said: "Although in a good many ways it would be nice to be certain that everyone was treated exactly alike, there are, I think, many snags in the proposal that has been made.

"I am with Jack Jones, however, in thinking that if there are sacrifices to be made then the sacrifices must be borne the heaviest by those who are paid the highest."

Then, urging that any new or amended social contract "this time must be made to stick," Mr. Jackson roundly condemned those who have gone outside the contract in the present round of pay negotiations.

He declared: "Those who break the contract are not the romantic heroes of the working class. They are the destroyers of our Government: more concerned with self-interest than with society as a whole: more concerned with self-interest than with pensioners and the low paid."

50% rise in minimum wage sought for hotel, restaurant staff

BY OUR LABOUR STAFF

A 50 PER CENT. increase in the statutory minimum wage for hotel and restaurant staff is being proposed by the industry's wages council.

The proposal is likely to be fiercely opposed by smaller hoteliers and restaurant owners paying at or near the minimum, though it is not known how many of the 300,000 workers covered by the wages council would benefit directly if the proposal is finally accepted.

Employers have three weeks in which to consider their reaction to the deal, which is intended to come into effect in October once endorsed by the Secretary for Employment.

An early warning came yesterday from the British Hoteliers, Restaurateurs and Caterers Association. Mr. Clive Derby, chief executive, said the proposed increase could lead to further closures and redundancies. "In an industry already faced by frightening cost increases."

The wages council, composed of employers, unions and independents, has agreed on a £9.17 a week increase which would raise the minimum basic from £18.33 to £27.50. The £18.33 includes a threshold payment of 40p.

The women's rate would also be raised to £27.50 a week—an increase of £10.50—ahead of December implementation of the Equal Pay Act.

Mr. Derby said the deal would improve recruitment but could also mean that hotel and restaurant charges to the customer would have to be raised beyond the level that the market could bear, in many cases.

According to some employers yesterday, the big increase in the statutory minimum—probably the biggest in the industry's history—was seen as a necessary corrective to the industry's reputation as a poor payer and as an attempt to make the minimum rate realistic.

The rate quoted is the "living out" wage. The employers have successfully pressed for an increase in the board-and-lodging deduction on "living in" staff from £3.40 to £7 a week, although some argue that £12 a week is nearer the true cost.

Journalists' move on closed shop

By Our Labour Correspondent

MORE THAN 40 branches of the National Union of Journalists have now called for a special delegate meeting to authorise a full ballot of members with a view to reversing the recent annual delegate meeting decision in favour of a 100 per cent. closed shop.

A batch of seven branch decisions notified to the union headquarters yesterday takes the total well over the fifth required for a re-call delegate meeting.

Since the militants were successful in their call for a 100 per cent. closed shop, which would include newspaper editors, moderates throughout the union have been taking steps to overthrow this policy decision, passed against the wishes of the union executive.

Textile workers warned against pay rise hopes

BY OUR LABOUR STAFF

THE 72,000 members of the National Union of Hosiery and Knitwear Workers were given a blunt warning yesterday by Mr. Peter Pendergast, their president, that there is no hope of a bumper pay rise in their industry.

Mr. Pendergast told his union's annual conference in Southport that the hosiery and knitwear industry is in a very precarious position because of worldwide inflation and the increase in low-cost textile imports from abroad.

He said: "It would be foolish to expect that during the next 12 months we can find the answer to obtaining high increases in wages. To push too hard could send the industry over an abyss that would have far-reaching effects on the people employed in it."

It was wrong that certain industries placed in a powerful economic situation should use their strength to the detriment of other industries, but there was no way that his union could find such an answer, admitted Mr. Pendergast.

He warned his members that if they thought the door was open to force high wage increases it could cause redundancies, and he urged a policy of maintaining jobs, rather than trying to beat the social contract just because others had done so.

Mr. Michael Meacher, Under-Secretary at the Department of Industry, brought delegates up to date with the latest developments on Government moves to cut low-cost imports of knitted goods recognised as a major cause of the industry's present recession.

Negotiations aimed at curbing imports from Hong Kong were in full swing, he said, and a result was expected in two or three weeks. Negotiations on similar lines with Korea were expected to begin at the end of this month and yet another agreement, this time with India had been initialled. He hoped therefore that in a very short time they would have a new pattern of restraint on imports which would give their industry a degree of protection such as they had never known previously.

Coventry car workers stay out

By Peter Cartwright, Midlands Correspondent

SOME 8,500 Coventry motor industry workers remained on strike for substantial pay demands yesterday, leaving 7,000 other workers idle.

But the return to work by 700 Dunlop Engineering clerical staff after a month-long pay stoppage enabled nearly 15,000 British Leyland workers to be recalled.

Nearly half of the strikers are at Chrysler's engine plant. These are in the second week of a dispute over a demand for £8 on the table with a promise of negotiations for another £7 from July 1. More than 7,000 Chrysler workers in Coventry and Linwood, Scotland have been laid off and all Chrysler's car output has been halted.

Despite the pay dispute, some 30 shop floor representatives from all Chrysler's plants except Scotland at a meeting in Coventry yesterday decided to set up a working party on the company's offer of employee participation and profit sharing.

They included Mr. Bob Morris, the Transport and General Workers Union shop stewards' convener who told a mass meeting of strikers last week that it could be "long and possibly vicious."

On the other side of the city there is no move to bring representatives of 4,500 Massey-Ferguson tractor workers to another meeting with management over pay.

Kent printers lock out management

By Our Labour Staff

PRINTERS EMPLOYED by a Kent weekly paper, the Gravesend and Dartford Reporter, occupied the building and locked out management yesterday to protest at their dismissal over a pay dispute.

The men belong to the National Graphical Association which has authorised its members to take sanctions in support of the claim.

Last night four members of management were allowed into the plant for talks and managing director Mr. Jim Neal said he hoped normal publication would resume on Thursday.

Lucas Aerospace back to normal working

BY OUR LABOUR STAFF

LUCAS AEROSPACE was back to near-normal operations yesterday after threats of strike action by its 13,000 workers last week in a pay dispute.

Talks on the demand for pay to be linked to the cost-of-living index are to start later this week, but the immediate cause of the strike threat was removed late last Friday.

The management agreed to allow a resumption of work at the Wolverhampton factory, where workers had been sitting in last week after being told they would not be paid if they continued "disruptive action" in support of the pay claim.

The management had turned off the power supply to the production line so that the men could not do any work.

Under the compromise which allowed the return to work, the 1,600 Wolverhampton workers will continue their sanctions except one. They have agreed to stop the strike of dispatch workers which previously formed part of their campaign.

Rowntree

SOME 10,000 workers in Rowntree Mackintosh's U.K. confectionery division have been awarded a £7.50-a-week, two-stage, pay rise on top of £4.40 a week threshold money consolidated into basic rates in November.

APPOINTMENTS

Senior executive changes at Boots

Mr. A. D. Spencer has been appointed a managing director of the BOOTS COMPANY from June 1. He was appointed to the Board in 1968 and latterly he has been the senior director concerned with retailing operations. In his new position he will take charge of operations over all the company's business.

Mr. D. E. M. Appleby, managing director, will continue his responsibility for overall financial planning and control.

See Men and Matters Page 16

★

Mr. J. L. Harvey is to retire as chairman of LAPORTE INDUSTRIES (HOLDINGS) on December 31 but he will remain on the Board. He will be succeeded as chairman by Mr. R. M. Ringwald and Mr. G. F. Sommerville will be appointed managing director, chief executive and vice-chairman.

★

Mr. David U. Latner and Mr. Roland M. Klein have been appointed directors of RAMAR TEXTILES.

★

Mr. W. E. C. Stuart, chairman of Stuart and Sons, has been elected president of the SOCIETY OF GLASS TECHNOLOGY in succession to Professor R. G. Newton. Mr. M. E. Wallage has been elected vice-president.

★

Lord Hewlett has joined the Board of BURCO DEAN.

★

Mr. Donald Joyce has been appointed manufacturing director of WILDT MELLOR BROMLEY, a member of the Bentley Engineering Group.

★

Mr. C. E. Laesser, contracts manager of BEWLEY AND JOHN, has become a director and Mr. R. M. Hulmes has been appointed secretary.

★

Mr. Ian Taylor has joined EDWARD BATES AND SONS prior to being appointed as a senior executive of its French banking subsidiary, Banque Pommier S.A., Paris.

★

Mr. Geoffrey Wheater has become president of the BRITISH RUBBER MANUFACTURERS' ASSOCIATION in succession to Mr. Owen Green.

★

Mr. Ronald Brown, formerly senior vice-president and general manager of the London branch of the Republic National Bank of Dallas has been elected president and chief executive officer of HOUSTON NATIONAL BANK in Houston, Texas. He was also elected to the bank's Board.

★

Mr. Bob Hazelton is joining CHAPMAN FRASER AND CO. as marketing director (designate) on June 1. For the last three years he has been running the U.K. office of L. Payen and Co. in France. Mr. Colin Bent continues as development manager for speciality yarns and Mr. Tony Webb will take on additional responsibilities in field sales.

★

Mr. George Albone has been appointed president of the LINCOLN RED CATTLE SOCIETY and Mrs. M. G. H. Parkes has become president-elect.

★

Mr. G. W. Bew has been appointed marketing director, Mr. K. W. Woodward finance director, and Mr. D. Cannons production director, of RICHARD GARRETT ENGINEERING. Mr. Bew was previously marketing manager, Mr. Woodward financial controller, and Mr. Cannons production manager.

★

Mr. R. G. De Groot is to retire from the Board of METRO TOWN AND CENTRAL PROPERTIES from April 30, following his retirement as senior partner of the partnership of De Groot Collis which he founded in 1935.

★

Mr. H. R. P. Chatten has been appointed chief executive, ROYAL DOCKYARDS, in succession to Rear-Admiral F. C. W. Lawson, who will relinquish the appointment on August 31. Mr. Chatten is currently general manager, HM Dockyard, Rosyth.

★

Mr. G. V. Cooper, general managing director of Guest Keen Williams, the major GKN subsidiary in India, has been appointed to the Board of GUEST KEEN AND NETTLEFOLDS (OVERSEAS), the holding company which controls most of GKN's interests outside the U.K. and Europe.

★

Mr. Raymond Davidson has been appointed a director of LONDON AND CONTINENTAL BANKERS.

REFERENDUM REPORT—SOUTH WALES

Land of a laboured choice

Terry Kirk

Mr. Michael Foot, Secretary for Employment and anti-Marketeer, stands on the mountain-top site of the rallies of Nye Bevan, whose mantle he has inherited. Overlooking Tredegar and Ebbw Vale, this is where Mr. Foot will address a mass meeting on the eve of the referendum.

THE tips are being bulldozed away, fish and chip shops have added duck to their menus and each morning the roads out of the valleys are jammed with commuters on their way to the new factories that have replaced so many of the pits and iron works. Yet South Wales is still overwhelmingly Labour country, where union and party loyalties run fierce and deep and attitudes are slow to change.

Inevitably this will have a strong bearing on how the region—with its 1.24m. people in 22 constituencies—votes on June 5, and it makes it particularly difficult to predict with any certainty how the vote will go as old loyalties are pulled in two directions. A majority of South Wales Labour MPs favours the Market (11 pro, 7 anti), but almost every major union in Wales, local Co-operative societies and virtually every local Labour Party oppose it. Mr. Michael Foot, MP for Ebbw Vale and inheritor of the mantle of Nye Bevan, counsels "no." Mr. James Callaghan, much respected as MP for Cardiff South East, advises "yes."

Labour anti-Marketeers find themselves wondering about Mr. Enoch Powell's appeal while Labour pro-Marketeers speculate about how many votes Mr. Anthony Wedgwood Benn will frighten into the pro-Market camp. This is strange political arithmetic indeed in Wales, where the Labour movement means more than it does in most parts of Britain. The signs are that it is leaving the ordinary non-activist, Labour voter a little bemused.

Six months ago it was assumed that South Wales would deliver a resounding "no." But, on the evidence of the more than 80 people I have talked to, nothing is certain now. There is not so much apathy (though there is some); rather a feeling, as one Labour stalwart put it, of "what the hell chance have I got when so many eminent people disagree. If they can't decide, how can we be expected to make up our minds?"

So it is not surprising that many people are judging the EEC on how it appears to affect them. Prices and jobs have thus become the overriding issues. Many housewives, and not a few of their husbands, claim that the only thing to have changed since Mr. Edward Heath signed the Treaty of Rome is that food prices have gone higher and higher. Mr. Ray Morgan, a left-wing pro-Marketeer who is agent for Mr. Leo Abse MP (also pro-Market) in Pontypool, believes that "if the case can be established that food prices will *fall* if we leave the market that's it, but the case certainly has not been established yet."

Fear of unemployment—with 4.5 per cent. of the workforce out of work, a steel recession and a fair amount of short-time working—may prompt many employed in export-oriented Welsh industries to vote "yes." There is also a belief that a "yes" vote might attract more English and foreign investment to Wales. In Ebbw Vale, where the British Steel Corporation's decision to telescope the timetable for the closure of part of the works is causing enormous resentment and anger, many of the men are pro-EEC, partly because they will get better redundancy pay under European Coal and Steel Community rules and partly because they, too, think that new investment in Wales is more likely inside the Market than out.

But even in the steel industry there is massive confusion about the Market. The Iron and Steel Trades Confederation, the major union in the Welsh steel industry, supports the Market principally because it thinks the British steel industry needs a large market if it is ever to compete effectively with other producers. Yet many workers wonder if Mr. Eric Heffer's charge that the Common Market may be responsible for the loss of jobs in the industry and the fall in production is true.

In Merthyr Tydfil, where Hoover is now the major employer, many people believe that a "No" vote will prompt the company to base all future expansion in France, and the local Labour Party voted against the EEC by only one vote. But Plaid Cymru (the Welsh National Party) argues that the Market will do very little to encourage investment in Wales. The Plaid is not strong in South Wales, but its argument is heard quite often.

To those on the left of the Labour Party in Wales who support Mr Benn and see a need for the Government to channel much more investment itself, this argument is to some extent beside the point. Mr. Jack Brooks, leader of the Labour Group on South Glamorgan County Council, a leading figure in the Welsh "Get Britain Out" campaign and secretary of Mr. Callaghan's constituency party, believes that the EEC stands in the way of the achievement of real socialism in Britain. "Willy Brandt and others like him gave up socialism years ago—we have not. The Social Democrats in the Labour Party want us to accept the kind of philosophy of despair accepted by socialists on the Continent—they are close to being Left-wing Tories."

The Transport and General Workers' Union is running a spirited Welsh anti-Market campaign on the twin themes of prices and sovereignty. Mr. George Wright, the union's able regional secretary, sees the market as an inward-looking capitalist club prepared even to destroy food to keep up prices.

However, the regional organiser for the AUEW, Mr. Tal Lloyd, takes the opposite view, arguing that the Market represents a great opportunity for Welsh industry, and, more importantly, a great opportunity for British socialists to energise their Left-wing colleagues in Europe.

Welsh employers are almost to a man in favour of the Market as are the four Conservative MPs in the area, but many employers have been discreet about saying so for fear that it might be counter-productive. One notable exception has been addressing his staff on the subject at 7.30 a.m. in the works canteen.

Extensive programmes of meetings have been planned by both pro- and anti-Market groups and so far they have been, on the whole, well attended. But no one in either camp pretends to know what effect all the argument is really having on the man in the street.

My own poll—of a representative sample of 30 sixth formers at a comprehensive school in Swansea—resulted in a vote of 29 for and 1 against. The only national poll, taken in Wales about ten days ago, also suggested that there would be a "yes" vote. But later evidence indicates that the more debate there is, the less decided most voters are becoming. And the pro-Market campaigners are haunted by the nagging feeling that there may be a lot of people like the man I met in a Cardiff supermarket who is voting "no" because the price of kippers has trebled since we joined the Market. He has heard that it is because "the French have been buying them up."

David Bell

Benn denounced as scaremonger

BY IAN DAVIDSON

LEADING CONSERVATIVE and Labour Party politicians yesterday denounced Mr. Anthony Wedgwood Benn's claim that Community membership meant a loss of jobs in Britain as "scare-mongering" and claimed that the reverse was the case.

Mr. Reg Prentice, Education Secretary, quoted to a Britain in Europe Press conference, a recent poll which showed that a heavy majority of businessmen expected to employ fewer men and to invest less in new plant if Britain left the European Community.

He described as "phoney" the anti-Marketeer argument that the Common Market can be equated with unemployment just because unemployment is higher in other Community countries than in Britain.

The reason for this, he said, was that they were bringing their inflation under control and that now their unemployment was levelling off. "In Britain we are suffering from the fastest rate of inflation in Europe and we are beginning to pay the price in rising unemployment," he added.

Mr. William Whitelaw, deputy leader of the Conservative Party, said Mr. Wedgwood Benn was flying in the face of all the evidence and was ignoring the views of those who run British industry. The claim that employment in this country could only be preserved by withdrawing from the Community was "absurd," he added.

If Britain could not sell its goods effectively inside the Common Market, he asked, how could it expect to do so facing the Common Market tariff from outside?

"Mr. Benn knows perfectly well that his Sunday scare story of loss of jobs and even of mass unemployment stands the truth on its head," he concluded.

Mr. George Thomson, a member of the Brussels Commission, said that the anti-Market campaign seemed to be operating on the principle of "a scare a day keeps the Community away." He thought Mr. Wedgwood Benn's attacks on the Brussels Commission were based on a "massive misunderstanding" of the way it exercises powers delegated to it by the member governments and he regretted that during his tenure of office as Industry Minister Mr. Wedgwood Benn had only been able to spend one day in Brussels.

He regarded the proposition that Britain would be worse off in a tariff-free market of 250m. people and better off in a tiny protected market, was a declaration, not of national independence, but of national defeatism.

Fierce attack

John Bourne writes: A fierce personal attack on Mr. Wedgwood Benn for his claim that British membership of the EEC had already cost 500,000 jobs was made last night by Mr. Cyril Smith, the Liberal MP for Rochdale.

Speaking in Nottingham, he said: "I consider this an absolute lie and it does no credit to the people who make such utterances. I have not indulged in personality attacks, but rather in arguments, but really a stunt like this is a disgrace."

Referring to Mr. Wedgwood Benn's figures for unemployment in the car industry, Mr. Smith said that the industry's problems had nothing to do with the Common Market. "They have to do with quality, with reliability, investment, delivery dates and management. To claim otherwise is a gross deception of the British public."

He claimed that to pull out of the EEC would increase unemployment because it would lead to a collapse of confidence in the pound, to an unwillingness to trust Britain's word and to a cut in investment by industry.

● The Confederation of British Industry issued the following statement last night: "The Secretary for Industry has alleged that Britain's membership of the European Community has cost Britain 500,000 jobs. He bases this on the calculation that for every £5,000 worth of imports from the EEC one British worker is immediately unemployed and eventually more than three workers will lose their jobs.

"The spurious nature of Mr. Wedgwood Benn's calculations can be demonstrated very simply by applying them to Britain's total trade deficit with the world. In 1974, Mr. Wedgwood Benn's formula would have produced an unemployment figure of 2,750,000, more than four times the actual figure.

"In fact, the CBI believes that if we were to leave the EEC jobs would suffer. A poll in the Economist last week showed that a majority of companies expected to employ less people if Britain left the EEC; only 5 per cent. of companies expected to employ more.

"Mr. Wedgwood Benn's attempt to blame Britain's unemployment on the European Community exhibits a search for scapegoats which bodes ill for any constructive approach to our economic problems."

No vote 'disastrous' for invisible earnings

BY LORNE BARLING

EARNERS OF Britain's "invisible" income, such as insurers, banks and shipping companies, yesterday made it known that they are overwhelmingly in favour of remaining within the Common Market. Some believed withdrawal would be disastrous.

Their views were expressed in reply to a letter from the Committee on Invisible Exports and stressed two main points. They thought relationships developed with Brussels werem ore helpful than was thought possible prior to entry, and that the cost of leaving the EEC would be high.

The committee pointed out yesterday that Britain's gross private earnings from invisibles amounted to £9,212bn. in 1974, a rise of 60 per cent. over 1972, just prior to Britain's entry to the EEC. It believed the percentage of income from the Community had been maintained.

"Britain's accession to the European Community has presented new opportunities to many service industries, particularly insurance and banking," the committee added. National restrictions had been removed but withdrawal would require unscrambling of financial arrangements.

Insurance companies believed withdrawal would make it harder for them to maintain their position as world leaders and expand business, while Lloyd's of London felt its future on Europe depended on membership.

Although the consequences of leaving were hard for the shipping industry to assess, the General Council of British Shipping said that it could be harmed if the effect on the economy as a whole was detrimental.

Similarly it was felt that commodity markets might be affected, if only temporarily. For the Stock Exchange, withdrawal would damage opportunities for capital raising and restrict the stock markets of the EEC from providing a comprehensive investment service.

"Withdrawal from the Community would be regared as a retrograde step, some say a disaster, by the City's banking community," the committee added.

Mrs. Castle: Britain 'bamboozled'

MRS. BARBARA CASTLE, the Health Minister, said yesterday that economic benefits promised Britain on her entry into Europe had not materialised. At an anti-Market Press conference in London she said: "The economic dangers of staying in Europe are multiplying."

The onus, she added, was on those who said membership of the Community would bring enormous economic benefits to prove their case for staying in.

"This country was bamboozled into joining the Common Market on the promise of a great trade bonanza. But the facts have been exactly contrary."

The balance of trade with Europe was swinging "catastrophically" against Britain; it was the U.K. that had suffered and the Common Market countries that had benefited from U.K. entry.

Mr. Michael Foot, the Employment Minister, said the unemployment figures for young people under 25 were far higher in Europe than in this country. He found it very offensive when he saw pro-European posters on the walls with "jobs for the boys" written on them.

"We are importing unemployment from Europe," he said. Mrs. Judith Hart, Minister of State at the Foreign Office, said it did not make sense for Britain to produce only 54 per cent. of her own steel when she had the capacity to produce much more; yet there were proposals to sacrifice even more steel workers.

In a written statement on behalf of the National Referendum Campaign Mrs. Hart said Britain's balance-of-trade deficit with the original Six EEC states was running at an annual rate of £81m. for chemicals, £65m. for textiles, £205m. in cars, £141m. in machinery, £19m. in other finished manufactures, and £426m. in steel.

Britain faces 'new Munich'

BRITAIN IS facing a similar period in history to Munich, Mr. Christopher Frere-Smith, chairman of the executive committee of Get Britain Out, said yesterday at the Press launch of While Britain Slept, by Douglas Evans.

"This is a similar story to the story of Munich, and we know exactly what happened in two years," he said.

In his book Mr. Evans says that Britain has not undergone such a revolution since the Middle Ages.

"It is arguable that, not since the decade 1680-90, when the Glorious Revolution was enacted, has Britain undergone such a radical shift in political, constitutional and commercial power."

At the Press conference Mr. Evans said the Common Market was a "corporatist structure—where the bureaucrats of the Civil Service and the big companies effectively make all the major decisions."

Limited option for £ in EEC

BY ANTHONY HARRIS

BRITISH GOVERNMENTS are likely to become more and more reluctant to change the exchange rate if Britain remains a member of the EEC, said Prof. Fred Hirsch, a former senior adviser to the International Monetary Fund, yesterday. This would happen whether or not there was progress toward a formal European monetary union, because this policy option would become less and less effective as a result of membership.

The result might be regarded as a useful discipline on Governments, or the loss of an important policy instrument, he added.

"You can analyse the monetary issue and then use it as an argument for or against membership, according to taste," he told a meeting of the Royal Institute of International Affairs.

Changes in the exchange rate became progressively less effective as economies were more exposed to penetration by foreign trade, he said, and as a result of the wider spread of information about pay and price comparisons; if capital were free to move within the Community the option might be closed altogether.

Prof. Hirsch, who is Professor of International Studies at Warwick University, said European solidarity might produce "marginal" gains for a country in difficulties in terms of concessionary balance of payments finance from fellow-members of the Community, but this should not be over-stressed.

"I don't think there will be many free lunches." One of the mistakes which the Community made in its earlier days was to believe that the Germans would pay indefinitely for the farm policy, and I do not believe they will be any more willing to finance our own habit of consuming more than we produce."

While the "drift" of Community membership would tend to produce monetary convergence, he agreed with those who said that the project for monetary union by 1980 was dead. The most recent expert study under the aegis of the Commission had agreed there must at some stage be a clear political decision to create unity, with the loss of independence in policy that must entail. Such a decision was unlikely "in the short or even the medium term."

Membership a benefit for coal, says NCB

MEMBERSHIP of the Common Market has been of benefit to British coal and should aid the industry's future development, the National Coal Board said yesterday.

The industry had contributed to Community funds, but had received more back than it had put in, the Board pointed out in a leaflet, Coal and Europe, which seeks to give a factual assessment of the impact of membership on the industry in the past two years.

Britain's coal industry, it emphasises, is the largest in the Community and is nearly equal to the rest put together.

The leaflet says that vigorous representations by the British industry have resulted in a policy for coal in the Community which reverses the negative policy of previous years and effectively supports the expansion of production in Britain and Germany to offset the likely continued contraction in France and Belgium.

The Commission aimed to reduce import dependency from 61 per cent. of total energy used in 1973 to a maximum of 50 per cent. by 1985, meaning a production objective within the Community of 254m. tonnes. The effect, says the leaflet, was that Britain's own plan for coal, endorsed by the Government and the unions, had the further safeguard of being underpinned by Community policy.

PARLIAMENT

Tory MP demands probe into all-in schools policy

EDUCATION SECRETARY Mr. Reg Prentice was accused in the Commons yesterday of a "reckless disregard" for the effects of his comprehensive policy on *school standards.*

Mr. William Shelton (C, Streatham) was moving a private member's motion calling attention to Mr. Prentice's activities "in seeking to alter fundamentally the status and structure of grammar and direct *grant schools without direct* legislative sanction."

Mr. Shelton said: "We need an independent inquiry so that we can learn which way to go in educational development in this country. Until then, we should keep our good schools, *whatever kind they are.*"

There was a groundswell of anxiety about education and the Government was destroying good schools and doing fundamental damage to education without answering any of the fears and questions now being expressed.

There was selection in many countries — even the most Socialist or Communist. "They do not disregard the laws of human nature, as Mr. Prentice seems to be trying to do."

He accused the Minister of attempting to "browbeat" local authorities to change their views in accordance with his.

What the Minister was trying to do was against the wishes of involved parents. It was, as far as could be gathered, against the wishes of teachers.

"He is doing this without an independent inquiry, without coming to the House for legislation, which he has admitted he will need if local authorities hold *out against his wishes.*"

Mr. Shelton denied that authorities not acting as the Education Secretary wished were "rebel councils" but maintained they were operating entirely within the law. He told Mr. Prentice: "If you wish to change the law the remedy is here in the Commons.

"But to adumbrate such councils as in some way acting improperly is in itself improper."

Mr. Shelton said he regretted that authoritarian, arbitrary action over grammar and direct *grant schools was taking place at* a time of national crisis and stringency. "With the uncertain background that exists in the educational world, Mr. Prentice is driving through his doctrinaire schemes, costing the State money which could well be spent, perhaps, on employing more teachers."

Mr. Bryan Davies (Lab Enfield N.) said: "The issue, basically, is a financial, and not an educational, matter. The final decision will depend on the financial position of individual schools, and that is something which is not good for our educational saytem."

He said that direct grant schools had been somewhat coy about revealing the fact that they indulged in "social selection."

Liberal education spokesman Mr. Clement Freud said that in the past few days, Mr. Prentice had warned colleges of education that there would be a cutback in teachers.

Mr. Prentice should remember that every extra teacher helped to improve the present "appalling" teacher-pupil ratio. "If we have to have cuts, let us have a cut in administrators," he urged.

Mr. Norman St. John-Stevas, *for the Opposition, referred to* Press reports that the Industry Secretary, Mr. Benn, might be moved to the Department of Education.

"We would regret that kind of change and it is a sad reflection on the present state of our political commentary, that the Department of Education should be thought of as a suitable refuse dump for the disposal of inconvenient Ministers.

"Education is a subject of paramount importance and the effects of our education policy *will be felt long after the economic* debates, which now preoccupy us, have been relegated to the more unreadable portions of Hansard."

Mr. St. John-Stevas said the circular seeking to impose a comprehensive system "without *regard for technical* considera*tion,* local conditions or parental wishes, has no force of law whatsoever." The circular sought to override the rights of both local authorities and voluntary schools.

Our action within law —Minister

Under-Secretary, Education and Science, Mr. Ernest Armstrong, said the Secretary of State had acted within the letter *of the law all the time.*

"We believe there are positive advantages when all pupils of all social groupings are being educated together. This is taken for granted in primary schools. What is common practice in *primary schools ought* now to be operative in our secondary schools.

Tory local education authorities up and down the country continued to implement comprehensive education, yet their colleagues in the Commons were fighting for the retention of direct grant schools.

"They cannot have both. They must make up their minds. The two are not comparative systems. They are alternatives."

Mr. Shelton's motion would mean "the reallocation of scarce resources to a now privileged sector, and this could only be done at the expense of other necessary parts of the service."

Mr. Armstrong said that such a *reallocation would mean* reduced opportunities for pupils who hit the headlines because of their hostility to school.

He said that Mr. Prentice had a duty to secure the effective execution by local authorities of the national policy for providing a varied and comprehensive education service in every area.

Referring to the circular asking direct grant schools for a pledge that they would take part in the maintained sector at some date in the future, Mr. Armstrong said *that it spelt out Government* policy in no uncertain terms.

On two occasions last year, the circular had received the "overwhelming support" of the Commons, even though it did not "carry the weight of law."

He added: "There are seven out of 97 local education authorities who have resisted our invitation to comply with the document. These seven have indicated that they want to retain selection. There are other auhorities who have said they believe they should not go fully comprehensive until further resources are available.

"We are asking them to reconsider their policy and co-operate in a national policy. We have proceeded by consultation and we are determined to carry *through this policy.*

"We are preparing the necessary legislation and we will certainly introduce it in the next session of Parliament if any authority resists complying with national policy."

There had been consultation with all interested parties, and the Secretary of State would not approve a proposal to close a school "unless the educational interests of the children involved were properly safeguarded."

He said: "There is no question of the Government attempting to put into effect, without legislation, its proposals for direct grant schools. The relevant statutory regulations will have o be changed.

Leyland benefits go wider —Benn

CONCERN ABOUT the impact which the massive allocation of Government funds to British Leyland will have on investment prospects in other sectors of industry was acknowledged by Mr. Anthony Wedgwood Benn, Secretary for Industry, in the Commons yesterday.

But he stresseed that other companies will gain from the investment in British Leyland and cited Alfred Herbert, the machine tool manufacturers, as one which can expect to benefit.

Mr. Richard Wainwright (Lib., Colne Valley) emphasised the *concern in other manufacturing* industry about such an enormous amount of the available resources being pre-empted for British Leyland and asked the Minister to put the vast expenditure involved in the context of the overall needs of the whole of the manufacturing sector.

Mr. Benn replied that the problem stemmed from the fact that Britain had been investing at roughly half the rate of her major industrial competitors across the whole field of manu*facturing industry. When action* was taken to correct this in one area, questions could arise about the position in other areas.

Mr. John Stanley (C., Tonbridge and Malling) complained that when MPs considered the *British Leyland Bill to-morrow* they would be asked to give approval to the financing of one of the largest single commercial investments ever made in the public sector without being provided with any information in respect of the expected return.

Mr. Benn said as the Government became involved in industrial matters it was confronted with the question of how much could be disclosed without damage to the firm concerned. He did not claim that every bit of relevant information had been made available and where MPs thought more information should be provided, their views would be considered.

Mr. Benn added that it was difficult to find the satisfactory answer to such problems "the first time round."

Mr. Maurice Edelman (Lab., Coventry NW) described British Leyland as a vital national interest and asked the Minister to confirm that if the EEC Com*mission in Brussels were to try* to interfere with the implementation of the Ryder report, the Government would have the power to veto such interference at the Council of Ministers.

While declining to enter into matters of legal interpretation, Mr. Benn said his understanding of the position was that the Council of Ministers would have to be unanimous to override a decision by the Commission. Therefore, the U.K. Government alone would not have the power of veto.

Benn steel jobs claim challenged

By John Hunt

THE WEEK-END claim by Mr. Anthony Wedgweed Benn, the Industry Secretary, that British membership of the EEC had led to fewer jobs in the British steel industry was contested yesterday by Mr. John Morris, the Welsh *Secretary.*

He said that he was not aware of any jobs lost in Wales as a result of U.K. membership and added: "I am satisfied that it is in the interest of Wales that we remain in the Common Market."

During exchanges in the Commons he was asked by Mr. Wyn Roberts, from the Opposition front bench, to correct the "very wrong impression" given by Mr. Benn over the week-end.

Mr. Morris replied: "I am not aware of any jobs lost in Wales as a result of our membership of the Community. What we are suffering from is a world-wide recession."

Overseas EEC vote call rejected by Minister

MR. GERALD FOWLER, Minister of State for the Privy Council Office, yesterday rejected Conservative demands that the Government should allow a vote in the referendum for Britons who are working abroad but are not on the current electoral register.

During Commons questions, Mr. Robert Adley (C., Christchurch and Lymington) wanted to know what further representations the Government had received about the voting rights of British taxpayers working abroad but not on the current electoral register and thus unable to vote. He called for a Select Committee to consider the matter.

Mr. Fowler said he had received a petition signed by 100 British residents abroad and a number of separate representations. But there were no plans for a Select Committee. The matter had been decided by the Comons and it was too late to change that decision.

Mr. Adley accused the Minister of a "patronising and complacent" attitude. Mr. John Peyton, "shadow" Leader of the House, complained that a great many Britons working abroad were outraged at being denied the opportunity to vote.

Short promises proposals as MP protests against '90-hour-week'

BY JOHN HUNT

PROPOSALS FOR radical changes in the way the House of Commons carries out its business will be put forward by Mr. Edward Short, Leader of the House, before Parliament breaks up for the summer recess at the end of July or the beginning of August.

Announcing this in the Commons yesterday, Mr. Short also confirmed that the Boyle Committee, which is looking into MPs' pay, will report in June.

The Leader of the House was faced with angry criticisms from MPs about pay and conditions. There were protests that some officials of the House were getting "a cool £10,000" a year, more than double the salary of a backbench MP.

The protests reflect strong and growing dissatisfaction of MPs over pay and the hours they have to put in. Their last increase became effective in January 1972, when *salaries rose from £3,250 to* £4,500 exclusive of allowances.

MPs maintain that if their salaries had kept pace with the increases for manual labourers they would now be receiving over £6,000 a year.

Long night sittings because of the *increased* weight of Government legislation and the additional flow of European business had led to complaints that the home life of MPs is being ruined. There have been renewed suggestions that the House *should* sit in the *mornings* and finish at a reasonable hour at night, probably 10 p.m.

During the Commons exchanges Mr. Eric Moonman (Lab, Basildon) complained that chauffeurs at Westminster were earning £4,500 plus overtime. clerks in the library were getting £6,500, while other officials were "picking up a cool £10,000."

Mr. Moonman demanded "Isn't it time all salaries in this establishment were related in order to avoid some of these ambiguities and absurdities."

He was backed by Mr. William Hamilton (Lab., Central Fife) who said it was important to realise how badly off MPs were compared with officials at Westminster. "How many people have free board and lodging in this place, compared with MPs who have to scratch and scrape around in second and third class hotels?" he asked.

Mr. Mike Thomas (Lab., Newcastle upon Tyne) urged Mr. Short to contradict a recent newspaper article which stated that MPs were against an increase in their salaries. This suggestion, said Mr. Thomas, was "wholly erroneous."

From Mrs. Renée Short (Lab., Wolverhampton N.E.) came a complaint at the way Commons business was organised and at the tremendous amount of legislation coming out from Ministries.

Active MPs were putting in an 80 to 90-hour week, not including week-end work, and this was causing very great concern. "It is high time we reorganised the way the House is run and the way business is handled," she said

Mr. Short replied: "Certainly, I agree that the time has come when the House must take a very radical look at the way in which we do our business. I hope to make proposals to the House later in this session."

He agreed that great complications were being posed by European legislation and the inevitable increase in Government intervention in various walks of life. "Parliament has not kept up with this trend. The time really has come when we must look at it in a very radical way."

Mr. Short pointed out that there was now additional accommodation for 130 MPs at the Norman Shaw Buildings adjacent to the Commons.

Mr. Patrick Cormack (C., Staffordshire SW) urged further conversions to the buildings and called on Mr. Short to scrap the "grandiose and ridiculous" *project for a new Parliamentary* building on that site.

Mr. Short told him that he hoped to make a statement to the House on this and related matters in the near future.

Secretarial help vital—report

BY RICHARD EVANS, LOBBY CORRESPONDENT

A RADICAL new scheme for the employment of MPs' secretaries which would involve a "substantial increase" in their pay is recommended by a Commons Select Committee in a report published yesterday.

The commitee proposes that *MPs should have the option* either of continuing to claim for a secretarial allowance as at present, or electing to ask Parliament to pay the secretaries' salary direct.

This choice, the report argues, preserves the flexibility of the present system which leaves the choice and range of secretarial help to the individual MP. The current secretarial allowance was raised to £1,750 a year from this April.

"We have no hesitation in asserting that public funds should be made available to ensure that every member who wants to, can have the services of at least one full-time secretary. In our view, this is the minimum necessary to enable members adequately to represent their constituents' interests," the report declares.

In addition, the committee, under the chairmanship of Mr. William van Straubenzee, states that allowances for other forms of secretarial or research assistance should be additional to this basic requirement. Recommendations will be made in a later report.

First report from the Select Committee on Assistance to Private Members, session 1974-1975: the Provision of Secretaries for Members. SO 20p.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

£3m. automated gas cylinder plant

A NEW £3m. automated plant for seamless steel high pressure gas cylinders in the size range 178-267mm od with continuous quality assurance through all processing operations, has been brought on stream by TI Chesterfield, a TI steel tube division company.

Incorporating the latest design concepts of a number of U.K. plant and equipment manufacturers the new centre is part of the continuing substantial investment which the division is making in its operations. The automated plant more than doubles existing plant output.

TI Chesterfield is approved to manufacture cylinders to British Home Office regulations and for all major specifying countries including Canada, Germany, Switzerland, Holland, Belgium, Norway, Sweden and France. Its cylinders are in use throughout the world.

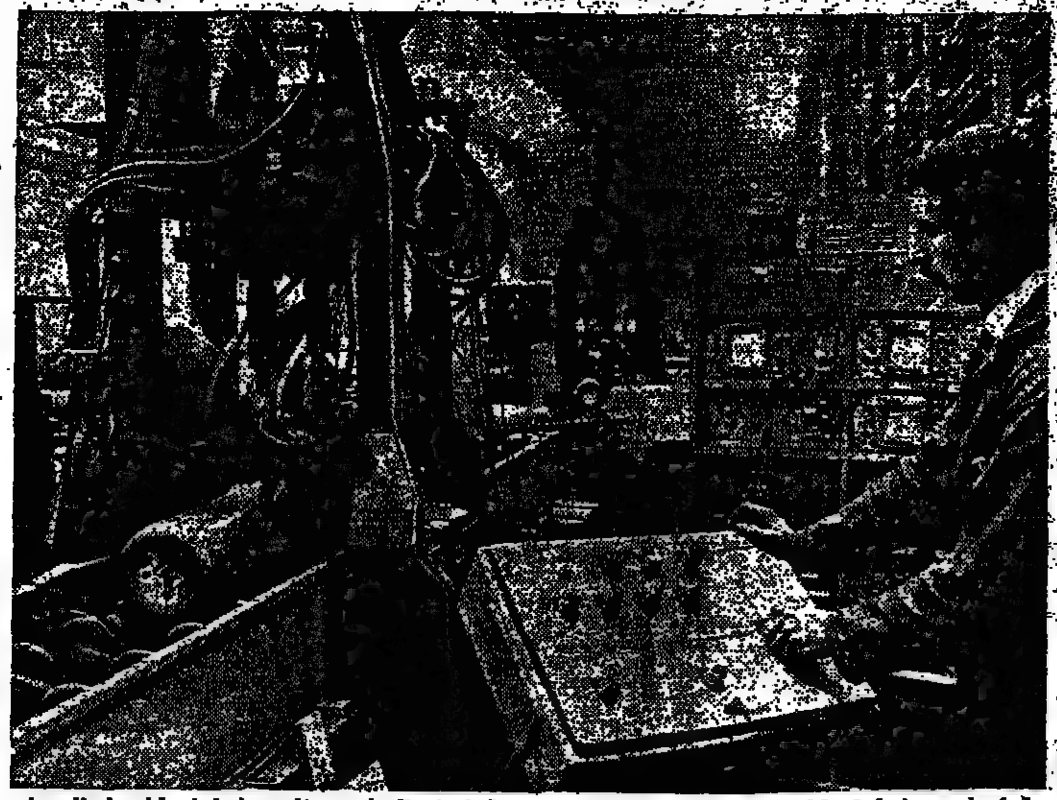
Manufacturing sequences of forging and drawing a steel billet into an open-ended blank, forming the neck, heat treating the cylinder, machining the neck and cleaning is a continuous process capable of producing a finished cylinder to the required standards in about four hours. Since inspection stations are built into the process flow-line, immediate action can be taken to correct any deviation from dimensional or quality standards at the stage when it occurs, thereby avoiding further costly processing of sub-standard or defective products.

The billet, subsequently the cylinder blank and finally the cylinder, moves continuously through the different processing and inspection stations along a mechanical conveyor system, designed and installed by Darrold Engineering Co. If, at any inspection station, the product is suspect, it is looped on to a by-pass track for further inspection pending either rejection or rectification and return to the main flow-line.

Processing plant includes a specially-designed induction furnace by Banyard Metalheat for pre-heating the steel billets; a Fielding and Platt fully-automated piercing press and drawbench for forming the cylinder blank; a hydraulically operated pre-programmed unit for hot spinning the cylinder neck and an automated heat treatment plant by Wellman Incandescent incorporating oil-quench and air-cooling beds for normalising or quenching and tempering the cylinders, depending on the steel specification.

Features of the inspection techniques include gamma ray thickness gauging of the cylinder blank to check for eccentricity, any variations from normal limits being monitored through visual display panels for action by the press operator; ultrasonic examination of the blank for transverse and longitudinal defects and, in the same station, ultrasonic measurement of wall thickness; Brinell hardness testing to measure the effectiveness of heat treatment and pressure testing of the finished cylinder.

When the cylinders leave the works it is with the assurance that they are safe for use under the most severe service conditions. Their toughness, strength and gas tightness will be guaranteed. Subsequently, if a user suspects that over-rough handling may have damaged the cylinder or if he seeks confirmation of the integrity of the cylinder after many years of use, TI Chesterfield can provide a re-test service to national regulations.



A cylinder blank being ultrasonically tested for imperfections at the TI Chesterfield plant. Any deviation from the required standard results in the blank being rejected before additional expensive processing is undertaken.

● HEATING

Sun panels promoted

COMMERCIAL Solar Energy, Nottingham, has linked with Hallam Group to supply new and patented solar collection panels initially for use on prefabricated dwellings.

CSE's solar panel is suitable for all types of building and takes ambient energy even in cloudy conditions to heat completely or partially the water required by dwellings, offices, factories etc.

It is hoped that this alternative energy source will quickly become as widely accepted as cavity wall insulation and double glazing and will complement these and other energy saving schemes advocated by Government sources.

Several major installations will be completed by Commercial Solar Energy soon providing working examples and including the heating of water for an international industrial concern, a public school swimming pool, a domestic dwelling and a number of private swimming pools.

To assist in solar heating calculations computer analyses programmed to consider latitude, climate orientation and air temperatures are available from Commercial Solar Energy for any specific application throughout the world. These figures are endorsed in every instance by an unbiased source.

CSE, 16a Pelham Road, Sherwood, Nottingham, NG5 1AP.

● AGRICULTURE

Keeps metal out of the harvest

EQUIPMENT CAN now be fitted to the Sperry New Holland model 890 forage harvester that will prevent ferrous tramp metal from entering the intake. The system will be made available with other models in due course.

Main advantage states Sperry, will be the prevention of revenue loss to the operator due to breakdowns resulting in wasted harvesting time and expense of repairing the damage. In addition small pieces of ferrous metal can contaminate the silage giving rise to a cattle health hazard as yet little appreciated by many stockmen, known as "hardware disease." Stray pieces of fencing are one of the greatest causes states the company.

The system is based on the two feed intake rollers between which the crop passes, one of which contains a magnetic field generator and the other a detector. Passage of metal disturbs the field, the change is detected and associated electronics shut down the drive in less than 0.05 sec. The system is powered by the vehicle 12V system and can be locked out by the operator if necessary. It resets itself automatically. The company is at Gatehouse Road, Aylesbury, Bucks (0296 5040).

● ELECTRONICS

Single chip calculator

COLEX 1217 P electronic printing calculator has a full 12-digit capacity and red/black print-out.

The logic element is one LSI chip, interfaced with a new Seiko printing unit in which the motor automatically stops after completion of the print-out and restarts instantaneously when a calculation key is depressed.

Decimal point is completely floating on input and can be prefixed on output. Constant factors are set automatically.

The printing mechanism has an 8 word buffer, and other features include percentage key with a discount/nett feature (VAT logic); square root key, item count key which automatically counts the number of items entered. The Clear key has 2 operations. On first depression it clears entry, and on second depression it clears the working registers. There are lamp indications for power-on, over-flow and memory in use.

Broughton and Co. (Bristol), 6, Priory Road, Clifton, Bristol, BS8 1TZ. (0272) 39181.

Lighting cost cut

FOR USE with 35W and 55W low pressure sodium discharge lamps GEC (Street Lighting) has developed control gear which uses a low loss choke and an electronic starter.

Compared with the usual reactance transformer circuit, dramatic savings have been achieved. Circuit losses have been reduced by about 23W per lighting point, a saving worth about £2/year at to-day's electricity prices and likely to be £3/year by December. If the estimated 500,000 35W and 50W points in the U.K. were converted this would save £1m./year.

The new gear is about half the weight and considerably smaller than the traditional type, which means further savings can be achieved in slimmer column design. The new unit will cost about the same price as the old, and the company, which is at P.O. Box 17, East Lane, Wembley HA9 7PG (01-904 4321), is going into full production at the Erith factory, and expects to commence marketing in September.

Over the next two years the company expects to introduce similar control gear for the rest of its lighting range—if the cost of semiconductors, continued to reduce.

Three new counters

VEEDER-ROOT'S 7900 range is based on an exclusive LSI (MOS) chip, which replaces nearly 100 discrete components hitherto used in other electronic counters.

This range initially comprises three models, which are interchangeable with many electro-mechanical counters.

Series 7991 "Minicounter" employs the chip and a LED display with a speed of 5,000 cpm. It fits a standard 25 x 50 mm. panel opening. Count life and reset life are virtually unlimited and the display is rated at 100,000 hours.

Series 7992 "Minicontroller" is a full miniature two-level pre-determining counter with batch count capability which fits a 50 x 50 mm. panel opening.

The third model is the Series 7993—"Maxicontroller"—a four-decade counter with two levels of preset control.

Veeder-Root, 94, Station Road West, Oxted, Surrey (988 7488).

Powerful amplifier

SUITED FOR continuous unattended operation is a travelling wave tube amplifier from EMI Varian, 248 Blyth Road, Hayes, Middx (01-573 5555).

VZC-6965DS can provide 400 watts at C-band and provides instantaneous wideband operation across the entire 500 MHz-wide communications band.

Designed primarily for continuous wave commercial satellite communications terminal service between 5.925 and 6.425 GHz, the unit is a lightweight two chassis assembly easily adapted to various total systems. No tuning or external mechanisms are required.

Packaged in two slide-mounted drawer assemblies designed for standard 19 in-rack mounting, the units together stand less than 23 ins high and are available with or without intermediate driver to meet higher gain requirements within the package size

● POWER

Switching heavy dc

HIGH-VOLTAGE direct-current (HVDC) transmission has an increasingly important role to play in meeting future needs for energy.

All existing HVDC transmissions are two-terminal systems, but, in future, multi-terminal systems will also be required. Up to now, there has been no suitable dc circuit-breaker on the market capable of interrupting the service current, disconnecting unloaded transmission lines and, in conjunction with the converter control system, clearing faults.

"Arbeitsgruppe HGU-Schalter," the working group established in 1970 by AEG-Telefunken, ASEA, Brown Boveri (BBC) and Siemens, has now developed and tested a model assembly of an HVDC circuit-breaker, in co-operation with Institut für Hochspannungstechnik der TU-Braunschweig.

Each breaking unit consists of an oil-minimum ac breaker serving as a commutating switch, connected in parallel with a commutating circuit comprising a spark gap and capacitor as well as with an energy-absorption circuit incorporating a surge arrestor. The latter also serves as a breaker for the residual current.

Development work has proceeded in three stages. The first involved the testing of the serviceability of the individual breaker components, series-manufactured parts being used as far as possible. During the second stage, the interaction of the individual components with one another was investigated. The development work during these first two stages was carried out at Brunswick. Finally, a complete breaking unit underwent tests at FGH West Germany.

This involved breaking tests at full voltage on a complete breaking unit and at reduced voltage per unit on an arrangement consisting of two breaking units connected in series. All these tests were successful in every respect.

Breaking tests were performed on one breaking unit involving the interruption of 500 to 2,500 A at inductances in the dc circuit varying between 0.5 and 1.9 H. At 1.9 H and 2,350 A, 7.1 MWs was then developed in the surge arrester. In addition, a test series involving a 0—3 min—0—3 min—0 cycle was performed at 1,800 A and 0.5 H. The stresses resulting from this duty do not in any way limit the interruption capability of the breaker.

ASEA (GB), Villiers House, 41 Strand, London WC2N 5JX. 01-930 5411.

● DATA PROCESSING

Logabax in major launch

LOGABAX, French peripheral builder, whose products are used world-wide has launched many new units.

In peripherals the company has updated its successful LX180 printer in the shape of the LX80 and the high-speed LX360.

LX80 prints at either 70 or 180 cps in 10, 12 or 16.5 characters to the inch, and is available with either standard 132 or 80 column lines. Integrated continuous form feed and ledger feed are available.

LX360 prints at 360 cps or 140 lpm almost irrespective of the length of the line. It uses either a 7 by 7 or the new 9 by 7 dot matrix "flying heads," which print simultaneously and move both backwards and forward. The paper feed is incorporated into the machine and driven from the main motor.

Deliveries of both are scheduled to begin in the U.K. before the end of the year.

Also introduced is an addition to the 4000 range of business computers intended to compete with IBM 32 and to be offered at a special price in the region of £14,000 for a limited period.

For this, the user will receive 16K of memory, a processor similar to that now being offered on the top of the range, a front feed non-magnetic card feature and a two-drive twin floppy disc unit.

On terminal the company has announced the LX1010—a microprocessor version of the LX180. This unit is aimed at the OEM and multiple installation user. Minimum quantities will be 100 off. The unit will be tailored to suit applications and will be available in the U.K. at the turn of the year.

The final product represents a venture into data preparation. This programmable data preparation system, is known as the LX6000. It can be made up of a floppy disc, keyboard and printer, and has a transmission feature which enables it to enter data on-line.

Could ease councils' problems

COUNCILS FACED with increasing service demands, staffing problems, rising costs and "ratepayers' assistance" are striving to ensure higher productivity. There is no simple overall solution, but wider application of computerised systems could maintain better services with the same staffing levels, according to Applied Research of Cambridge, 5 Jesus Lane, Cambridge CB5 8BA. (0223 65015).

As an example, the company quotes using a computer system to map census data. The census is probably the most comprehensive library of local statistics available to any authority. Its content must therefore be presented to decision-takers in a readily understood map form.

At present few authorities operate a computerised cartographic system. Instead the census has to be processed from its original form through tabulations to a draughtsman who colours the appropriate sections. With computer mapping, the operation is simple and the information is made much more widely available and at less cost. The company can provide advice to local authorities on this and related problems.

Linescan processor

OUTPUT FROM linescan cameras can be processed using a system introduced by Integrated Photmatrix, The Grove Trading Estate, Dorchester, Dorset (0305 3673).

The unit carries out threshold level detection, obscured diode counting and digital display of the number of diodes obscured. It allows one or two camera heads to be selected enabling for example, a single camera to be used for dimension gauging of relatively narrow products such as wire or metal rods. Alternatively, two cameras can be used, each monitoring the edge of wide sheet material. Thumbwheel switches are provided on the front panel so that the distance between the two camera heads can be programmed into the system, this figure being automatically added to the digital count on the display, giving absolute width of the material.

Space is available in the unit to incorporate computer interfaces or other custom designed circuits.

● HANDLING

Controlling a warehouse

VAUGHAN has completed a major program suite for the computer control system for Lever Brothers, Port Sunlight warehouse, which has recently gone on-line. For the provision of this program Vaughan acted as sub-contractor to Honeywell which supplied the computing system consisting of two linked 316 computers.

The computers are used in a worker/standby configuration where the worker carries out on-line control of seven stacker cranes and associated conveyors, using digital input and outputs, with VDUs for on-line operator action, and punch cards to enter load summary orders.

A considerable amount of the pallet storage is provided in the form of fork truck accessed racking serviced via the same conveyor system by fork trucks. The truck operators are instructed where to insert and extract pallets by the computer system by means of ticket printers. One of these printers prints large-lettered tickets to facilitate visual checking of operator accuracy.

Normally, operation of the whole warehouse is under the stock control of the on-line computer system.

Standby computer has its disc-held stock file constantly updated by the worker with on-line data and runs on a different program which provides on-line stock file and other inquiry facilities in conjunction with a line printer. The total program suite consists of over 70,000 instructions which run in the 16K core stores of each machine using extensive program overlays under the Vaughan MACE real-time executive.

Vaughan Programming Services, Riverside House, Amwell End, Ware, Herts. 0920 2252.

● TRAVEL

Tickets and accounts

A NEW system for the printing out of travel tickets is being introduced to the U.K. by Datasaab, following an international launch at the Hanover Trade Fair.

The system results from co-operation between Datasaab and one of the leading Swedish travel agents, Nyman and Schultz. This makes it possible to get simultaneous registration of all the data necessary for the booking function linked to the automatic production of flight tickets.

Security is in-built as only approved staff can operate the units and no ticket can be printed without an accompanying invoice.

The system has up to four work stations connected to a Datasaab D5/20 mini-computer with cassette-tape storage. The data stored in the mini is based on statistics for the most frequent bookings. Rarely used journey routes are entered from the operators' keyboards, which have a visual display unit and an alpha-numeric printer.

Entry of a three-diget, verified code flashes a ticket image on to the screen; another code for the destination puts all the standard basic information on display. The operator then enters the variable data, flight number, name, etc., and invoicing details, and one printer then writes the ticket the other the invoice. At the same time, necessary extracts of data are automatically recorded on cassette to be later converted to ½ inch. computer-compatible magnetic tape for processing by standard Cobol programs at a central, main-frame computer.

Datasaab, C.S.C. House, North Circular Road, London NW10 7VG. 01-903 3921.

● INSTRUMENTS

Shaft speed warning

A SIMPLE but potentially useful device from Gould Advance is the RM15 shaft rotation monitor which can give an alarm or control signal when the speed of a rotating shaft reaches a pre-set level.

The unit accepts a signal from a suitable shaft sensor used in conjunction with a toothed wheel; this train of pulses, proportional to the speed, is compared in frequency with an internal level which can be factory pre-set between 2 Hz and 10 kHz to the customer's requirements. A relay is operated when the set speed is reached.

Applications should arise in many types of rotating machinery, in the control of safety guards on machines, in ensuring that doors on public vehicles remain closed until the vehicle is stopped and in monitoring unattended machinery. Gould Advance is at Raynham Road, Bishops Stortford, Herts. (0279 55155).

● PLASTICS

Reducing plastics burdens

DISPOSAL OF plastics is reviewed in a report issued by the Fulmer Research Institute. It gives abstracts and notes relating to the alternative methods of disposal—incineration, land infill, recycling or reclamation, and the degradable materials. The final section is devoted to an appraisal of the current situation and likely trends.

Several points are made in the conclusions. It is impracticable for plastics waste to be sorted and reclaimed at local authority level, in view of the complexity of these materials and the relatively small percentage in domestic waste (2-3 per cent.). Reclamation is only possible when the material composition and source is known. Degradable materials will have only very limited outlet. There is need to restrain the use of plastics in over-packaging applications.

Copies from the author, Mr. J. A. Shelton, at the Institute, Hollybush Hill, Stoke Poges, Slough, Bucks., SL2 4QD (Fulmer 2181) at £15 each.

● PRODUCTS

Shreds and bales waste

BUSINESS AIDS, which makes a range of document shredders, has introduced a baler which can be combined with its three largest shredders, using an electric control module link to provide a high output automatic shredding/baling cycle.

Bale weight can be selected to suit offices or factories, and the baler compresses the shredded paper into one-tenth its volume. When shredded paper has filled the bale chamber a sensor stops the shredder and the baler starts compression. When complete and the bale removed, the shredder is automatically switched on. Lights indicate which sequence is in operation.

The machines can be operated separately. The baler can be used for non-shredded material—it has a separate recess for board and other packing material. Parting the machines takes ten seconds.

The maker is at 3, Whitby Avenue, Park Royal, London NW10 7SQ (01-965 9821).

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مكتبة الأصل

The Executive's World

EDITED BY JAMES ENSOR

British bosses are Europe's poorest

BY JAMES ENSOR

THE BRITISH chief executive of a large company is the worst paid, pays the highest rate of marginal tax and stands second lowest to the Swede in his differential of earnings compared with his workers, of any Western company chief. Even allowing for Britain's low cost of living, the gross earnings of a chief executive of a company with £90m. in sales is lower in Brtain than in any other European country other than the Netherlands and Sweden. The same is true of the finance director, the marketing director and the manufacturing director except that the British finance man fares even worse than his Swedish counterpart.

Poverty

The relative poverty of British managers is well enough known and companies from IBM to ICI have reported difficulties in attracting top men to work in Britain and to persuade top Britons on assignment abroad to return. But I doubt whether the precise status of the British manager has ever been so carefully and accurately documented as in the survey prepared by McKinsey, the American consultants, for submission to the Royal Commission on the Distribution of Income and Wealth.

McKinsey, with its own consultants and client companies operating throughout Europe and North America is in an ideal position to make a really accurate assessment of the rewards provided for top businessmen. The consultants have been careful to obtain a picture which compares like with like and which allows for the lower cost of living in Britain. Thus they have studied the pay, tax rates, perks and differentials of men running comparable companies (£90m. in sales has been taken as the yardstick) in each country.

Taking the American level as 100, in each case, the British chief executives earns only 44 per cent. as much, the finance director 49 per cent. as much, the marketing director 71 per cent. as much and the manufacturing director 67 per cent. as much as his American counterpart, in gross terms. The cost of living adjustment makes relatively little difference to these figures, raising the chief executive to only 49 per cent. of his U.S. counterpart and the marketing director (who does relatively well in Britain) to only 79 per cent.

These differentials are no longer echoed in other European countries. For instance the French marketing director earns more than his American counterpart—a differential which is not eliminated entirely by the lower American cost of living. The Italian marketing director also earns as much, when due allowance is made for the low cost of living in Italy. Amongst European executives, it is the French, Belgians and Italians who have the best rates of pay: the British, Dutch and Swedes the worst.

Differentials

The differentials in income between the top men and workers are also by far the highest in the Latin countries. A Spanish chief executive of a £50m. concern earns 33 times as much as his workers, a Frenchman 28.8 times as much and an Italian 18.9 times as much.

Again, it is the North-Western Europeans who are the most socialistically inclined, with the differential a mere 9.4 times in Sweden, 11.7 in Britain and 14.2 in the Netherlands. As McKinsey points out, Britain's high rate of inflation is eroding these differentials far faster than in the other countries such as Sweden and the Netherlands, which have much lower rates.

McKinsey wisely avoided the attempt to quantify rates of direct and indirect taxation on high income managers, because of the paucity of information on spending patterns. But it seems likely that the total tax burden is higher in Britain for the top directors in a £90m. company than anywhere in Europe, bar Sweden.

Certainly the effective marginal tax rate on a £20,000 income—which stands at 75 per cent. in Britain (for a married man with two children) is the highest in the Western world. The maximum marginal tax rate of 83 per cent. is also the highest outside Japan—but a Japanese would not start to pay it until he earned £113,000 a year and Japanese tax-free expense accounts are, of course, on a different scale to British.

France still levies the lowest taxes on top businessmen, with a rate of only 34 per cent. at the margin on an income of £20,000—that is for every Franc earned above the £20,000 level, the state would take 34 centimes. The French directors of a £90m. sales company would all be paying 34 per cent. tax on any salary increases granted to them. This coupled with their very high rates of pay indicates that they are the world's best paid businessmen.

Tax bill

Only in Sweden and the Netherlands is a senior director of a big company likely to be faced with a tax bill on salary increases that compares with the British. The American, on an income that is almost twice as high will pay just 43 per cent. tax on salary increases.

The differentials in earnings after tax between the boardroom and the shopfloor are less in Britain than in any other country apart from Sweden. While they range up to 22 times in France and Spain and 11 times in Germany, Switzerland, the U.S. and Italy, in Britain they are just under six times. McKinsey points out that evidence suggests that the differentials in the Soviet Union are substantially higher than in Britain—a point for the Communist unionists to ponder.

Clearly, if shopfloor workers continue to gain salary increases of 20 per cent. and the managerial average remains at about 8 per cent., differentials will soon become largely meaningless. McKinsey illustrates the example of a chief executive who to-day, earns £28,000 and a worker earning £2,500, if current trends continue, within ten years. the after-tax remuneration of the chief executive at £16,450 (from his £56,000 salary) will be just double the £7,740 left to the worker (on £12,900).

Fringe benefits, regarded by egalitarians as an effective escape from the rigours of the high British tax system are surprisingly little used in Britain, according to McKinsey. A survey of 29 companies showed that only the company car was universally provided, although the bulk of the sample companies also offered a medical plan, life assurance and a maximum pension.

Under half the total, however, provided five weeks holiday or over, and only 12 provided offshore earnings opportunities. Only seven provided low interest or free loans and only three subsidise school fees. None admitted to providing subsidised housing (though, of course both housing and schooling had to be provided in a few cases for international staff).

It is both more difficult and more tenuous to draw definite conclusions from Britain's poor pay and high tax for top businessmen and to link it with poor managerial performance or high high emigration rates.

It is certainly true that the pay differential between a businessman and a civil servant or army officer is far less in Britain than anywhere else. Government servants in Britain can earn about 80 per cent. of business pay scales whereas in France they could only hope for about 25 per cent. and in Germany 33 per cent. The Italian army officer, on 15 per cent. of business pay rates and the American, at 26 per cent., suffer particularly badly. It is often remarked that Britain draws many of its most talented young graduates into the Civil Service and Professions: perhaps the corollary that relatively few go into business is also valid.

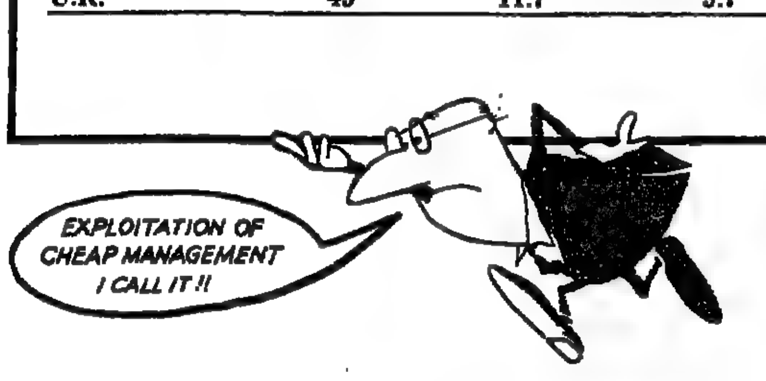
McKinsey can find little statistical evidence to support such a thesis—because the statistics are not available. But it does make the telling point that in 1972, Vickers da Costa, the London stockbrokers, paid 53 of its 432 staff over £10,000 a year, despite the fact that its commission earnings amounted to only £5m. British Leyland, with 191,000 employees and a £1,300m. turnover, paid just 42 people as much as this.

The growth of the Common Market and the development of multinational companies has created far more opportunities for Britons to work abroad, particularly within Europe. Higher pay scales may contribute to a "brain drain": certainly McKinsey points to the circumstantial evidence of the rise in recruitment advertising for Britons to work abroad, including wholesale recruitment as of the 40 accountants exported to Canada.

The relationship of cause and effect between low pay, low incentive of advancement and low efficiency and productivity in industry takes one on to shaky unscientific ground. But McKinsey has provided valuable raw material for the Commission's thought on this matter.

WHAT PRICE MANAGEMENT?

	Total remuneration adjusted for cost of living	*Ratio to remuneration of shop-floor worker*	*Ratio of net earnings to national average*	*Effective marginal tax rate*
U.S.	100	16.2	11.3	43%
Germany	51	15.2	11.3	50%
France	57	28.8	22.3	34%
Belgium	55	16.7	10.0	55%
Netherlands	42	14.2	7.5	64%
Sweden	45	9.4	4.7	69%
Italy	52	18.9	13.2	32%
U.K.	49	11.7	5.7	83%



Law Commission considers 'The Firm Offer'

FIRM OFFERS have no special place in the English law of contract. Although Scottish lawyers are familiar with the legal peculiarities surviving south of the border, successive generations of Continental lawyers have never stopped wondering why a promise not to revoke an offer is, by itself, legally worthless in England.

Last week the Law Commission put forward proposals* which, if adopted, would bring this oddity of English business law to an end.

The Law Commission illustrates the strange and apparently unjust results of this oddity by using the example of a building contractor who tenders for a job which includes both building work and electrical installation. Before tendering he obtains from an electrical sub-contractor a quotation which is "good for two weeks."

His tender is accepted within one week but before the second week is out, the electrical sub-contractor informs him that he will want to be paid more. He is now bound to do the job for the tendered price and on the present state of the law has no redress against the electrical sub-contractor who failed to keep his offer firm for two weeks as promised.

The building contractor did not know that since 1876 when judgment was given in *Dickinson v. Dodds*, the term "good for two weeks" may not mean more than that the offer will lapse at the end of two weeks if not revoked before. He would not dream of asking the electrical sub-contractor to confirm the promise to hold the offer good for two weeks by a deed.

Learned

But he should have learned, if his apprenticeship had included some simple experience of management technique, that he could have ensured the enforceability of the sub-contractor's firm offer by promising in return that he will, in fact, give him the electrical job if he succeeds in the tender.

Such a promise would be taken in courts as the magic "consideration" without which there is no contract.

Failing to do that, he could perhaps have saved the situation by posting his acceptance of the sub-contractor's quotation immediately he learned the result of the tender. In the ordinary way a letter of acceptance will be effective from the moment it is posted, but a letter of revocation only from the moment it is received.

The Law Commission sums up the present law thus: A promise to keep an offer open for a specified time may be broken and the firm offer revoked without liability to the offeror, except where the offeree has accepted the offer before revocation, or where the promise is made under seal, or the offeree has given consideration for it.

This part of the law may be fairly criticised for allowing a lower standard of commercial behaviour than that to which reputable businessmen generally conform; legal rules which are contrary to business practice are likely to confuse commerce rather than ensure certainty of transactions.

Objection

Another objection to the present law points out that if the offeror wants some payment for keeping the offer open he can ask for it, as is the case in "options." Why should he be allowed to revoke his offer merely because he did not ask for a "consideration"?

To a certain extent this concept has penetrated England by means of the Uniform Law of International Sales Order 1972 which applies to international sales between U.K. and Belgium, the Netherlands, Italy (including San Marino) and Israel.

Article 5(2) of the ULFIS provides that an offer cannot be revoked if . . . "the offer states a fixed time for acceptance or otherwise indicates that it is firm and irrevocable." This Article goes even further and rules out any revocation "not made in good faith or in conformity with fair dealing. . . ."

All this makes the Law Commission conclude that the time has come to change English law on this point and to bring it into harmony with Scottish law, American law and the law on the Continent. Its main provisional recommendation is that, if an offer which is "good" for a specified time is made in the course of business, it should be irrevocable for the time promised but not longer than for six years.

Such a firm offer could apply to land or interest in land and there should be no need for written evidence. An offeror who defaults on such a promise to keep an offer open should be liable for damages.

If adopted, these proposals would affect everyday business practice. The Law Commission therefore invites comments and more information about present business practices in relation to firm offers.

* *Firm Offers, The Law Commission's Working Paper No. 60, SO £0.36.*

A. H. HERMANN

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TUESDAY, MAY 20, 1975

Prices and wages

THE INDICES published yesterday of wage rates and retail sales for the month of April provide a textbook example of the danger of reading much into any individual business indicator. The index of retail sales, after falling (much more sharply in the final than in the provisional estimate) during March, rose from 109.4 to 117¼—in terms of volume, not value—during April. The index of basic weekly wage rates, which has been moving up erratically but fairly fast for months past, rose only from 167.4 to 167.6 during April. The picture which emerges, of a marked slackening in the growth of wages accompanied by a steep increase in the volume of retail sales, is inherently implausible. In fact, both statistics are distorted by different special factors.

In the case of retail sales, the special factor was not only the spurt in sales before the Budget but the licence which it permitted to buy until the end of April, at existing rates of VAT, goods which were then to become subject to the new, higher rate. The relatively high level of personal savings, together with some increase in credit, ensured that this licence would be used and that retail sales in April would be correspondingly high. But the spending spree, as the trades affected know only too well, has been followed by a sharp relapse in sales of the goods affected.

Budget sales

The average level of retail sales in March and April together is in any case estimated, remembering that the provisional figure for April may also be subsequently revised, to have been little higher than that for January, when it was pushed up by the buoyancy of the annual sales. Although spending over the first four months of this year has been significantly higher than in the final quarter of 1974, therefore, there is no reason to suppose that the underlying trend is running more than slowly upwards: the May index will help to put the situation in better perspective. In terms of value, of course, sales have been very much higher — around 22 per cent. higher on last year during January-March and 31 per cent. higher in April—but this comparison is affected not only by the intervening inflation of prices but by the effect of short-time working in early 1974.

These two factors are also the most important to bear in mind when considering the latest indices of wage rates and earnings. Basic weekly wage rates for manual workers rose very little during April, but this was due to the accident that no major settlement happened to take effect during that month. If, as is probable, some subsequent settlements are backdated, the April figure will have to be revised correspondingly upwards. Moreover, the index of actual earnings cannot be compared month by month with the index for last year because of the effects of the three-day week. The seasonal adjustments and the general trend of the figures suggest that earnings are continuing to rise, but perhaps at a gradually slackening pace.

Critical point

If next month's figures confirm this suggestion—they will relate to April, since information about earnings is always a month behind that about wage rates—the wage/price spiral may be approaching a critical point. The index of retail prices for April rose sharply, even before taking account of the price increases implicit in the Budget measures. Although the rise since April 1974 was just under 22 per cent., substantially below the rise in wage rates and earnings over the same period, the annual rate of price increases during the past few months (during which wage increases have been the predominant cause of them) has been greater than the actual increase over the past 12 months in both wages and earnings. We may well be approaching the time — the latest proposal of Mr. Jack Jones about pay restraint, whatever its merits, is probably a sign of this—when organised labour realises the self-defeating nature of its present attitude to wage increases. It may then begin to recognise that greater moderation would bring greater advantages than disadvantages not only to the country as a whole but to those specifically whom trade unions exist to represent.

A caution for the North Koreans

THE WARNING by Dr. James Schlesinger, the U.S. Secretary of Defence, that the U.S. would react "more vigorously" than it had in Vietnam to any renewed aggression by North Korea reflects more than the more confident note which has entered U.S. foreign policy statements since the rescue of the Mayaguez last week. It appears that over the past month or so there has been some genuine concern about North Korean intentions.

Defence of Japan

The immediate reason was the sudden visit to Peking by the North Korean President, Kim Il-sung. This was the first time that Kim had been out of the country for about ten years. It was assumed, almost certainly correctly, that he was seeking the Chinese assessment of future U.S. policy in Asia following the fall to the Communists of Cambodia and South Vietnam and, equally, that he was weighing the possibilities of Chinese support for another go at South Korea. It is also assumed, with a certain amount of supporting evidence, that he was disappointed. The Chinese told him that they continued to support Korean unification, but by peaceful means. There have been persistent reports ever since, however, that President Kim is about to make a similar visit to Moscow.

Here two possibilities arise. The first is that by playing off the Russians against the Chinese the North Koreans may succeed in getting increased military support from both of them. The second is that President Kim might decide to go it alone—not necessarily by an outright invasion of the south, but by stepping up the rate of infiltration and the number of incidents.

It is also worth noting that the nature of the U.S. commitment to North-East Asia is fundamentally different from the old commitment to Indo-China. For one thing, there is every reason to believe that South Korea would meet any aggression with spirited resistance — there may be domestic opposition to the repressive regime of President Park, but it is not Communist-oriented. For another, there are still American troops on the ground, which is itself a sign that the commitment should be taken seriously. It is also clear that the U.S. regards the defence of South Korea as being crucial to the defence of Japan.

This last point comes out strongly in the Pentagon's latest annual report to Congress. "Our position in North-East Asia," it says, "may not command as much attention as our deployment in Europe, but the security of Japan and the peace of North-East Asia are critical to international stability . . . Our presence, however modest, operates as a restraint on North Korean adventurism. It also means that other powers in the area must think twice before instigating major trouble on the Korean peninsula."

Interests converge

These "other powers" are obviously China and the Soviet Union, the peninsula being one of the few areas in the world where the interests of both the Communist major powers and the U.S. and Japan converge. It would appear from the reception given to President Kim in Peking that the Chinese have already got the message. Yet there is no harm in Dr. Schlesinger repeating it for the benefit of the Russians and President Kim and—not least—of America's North-East Asian allies. The need to reassure them after what has happened in Indo-China is clear enough.

Foundries must more than match the cash injection promised by the Government, argues Kenneth Gooding

Investment help cast in a problem mould

MR. DENIS HEALEY made few gifts in his Budget last month. But he did select the foundry industry for a special mention and the promise of large-scale assistance. At the same time the Chancellor handed the industry an unsolicited testimonial. It is vital to the U.K. economy, he declared, because "it is a supplier to many other industries and important to the health of the engineering industry as a whole."

As it happens, the foundrymen have for the past year been engaged on the uphill task of improving their image and attempting to communicate to the public just how important the foundries are. While the public remains resolutely unexcited, Mr. Healey seems to have got the message.

One thing that must have helped create his and his advisers' awareness was the volume of complaints during the economic boom just over a year ago that one of the major brakes on output by Britain's engineering companies was their inability to get enough castings from the foundries. Export orders were held up as a result, and engineering imports flooded into the U.K. to be snatched up by manufacturers who could not face the long delays on the delivery of home-made goods.

At that time it looked as if Britain was short of foundry capacity. And now there is a good chance that the situation will get much worse in the future. Proposed anti-pollution legislation and the new health and safety regulations will add greatly to the industry's already-acute problem of finding cash for investment.

In a recent review of the foundry industry, the National Development Office pointed out that production of castings takes place in a "generally unpleasant and hazardous working environment." Above: a ladle operator working at a cupola.

Will simply close down

Many small foundries will not be able to afford to go on once the anti-pollution legislation begins to bite, but will simply close down. The problem is that these are just the kind of foundries which supply small batches of castings of the types required mainly by the machine tool and mechanical engineering industries. Take away this supply and these two important sectors are in considerable trouble. The quantities they need are too small to be of interest to the big foundries, geared up as they are to supply mass-produced castings predominantly for the automotive industry. Neither is it economic to import castings—which are heavy and bulky—in small quantities.

Yet without castings a large part of U.K. industry would quickly grind to a halt. Most engines, whether for cars, commercial vehicles or any kind of equipment, are made of cast iron. The substitution of plastic for iron seems to have gone just about as far as it can go, and nobody can see any other replacement on the horizon.

For the simple process of melting metal and pouring it into a mould can produce something with an exact shape, and something which gives the user a product as close to the required final shape and size of the component he wants as current industrial technology will allow.

But production of castings, as the National Development Office pointed out in a recent review of the industry, takes place in a "generally unpleasant and hazardous working environment." And this means that the industry has a recruiting problem. It has been particularly short of skilled people—the kind of men needed to make low-to-medium volume highly cored castings.

The foundries have also been losing employees at a rapid rate. In the past ten years the total has come down from 140,000 to 85,000. A great deal of this labour loss can be accounted for by the foundry closures which occurred over the same period. Between 1965 and 1973 just over 400 U.K. foundries shut for good. The closure rate has been roughly 40 a year, although the pace slowed considerably in 1974 when there was a net loss of 12 foundries, leaving the industry with 756 at the end of the year.

The structure of the industry, with a large number of small foundries at one end of the scale and a few large ones at the other end, is best illustrated by last year's production statistics. These show that 400 of the U.K. foundries produced 194,000 tonnes of castings while, at the top end, 133 foundries had a total output of 2.5m. tonnes. This left 210 medium-sized foundries with a combined output of 500,000 tonnes.

In many cases the closures came about because plastic has replaced iron for many products—washbowls, drainpipes and guttering are obvious examples. But in a minority of situations the foundries shut down because they could not afford to continue—they had got their price structure all wrong. Their managers' skills were mainly on the production side, and very often they had no real idea of what production costs actually were. That did not stop them, however, cutting prices to win orders when manufacturing industry went through the inevitable troughs in the cycle of demand. This cut-pricing policy naturally spilled over to the rest of the industry.

So a recent survey of 50 foundries showed them making an average return of around 9.5 per cent. on capital employed. Only ten were achieving more than 20 per cent.

Part of this particular problem has been the long-term sickness of the foundrymen's principal customer, the motor industry. The automotive sector takes one-third of the iron castings produced in Britain. Its difficulty in its own search for a reasonable profit is well documented. The least that can be said is that for the past ten years buyers in the motor industry have been under pressure to pay the lowest prices possible when shopping for castings. This, together with the extremely erratic output record of U.K. car, lorry and tractor makers, has not really provided the kind of atmosphere likely to encourage heavy investment in new foundry capacity. The same can be said of the way the other major customers are victims of the demand cycle. So when Mr. Healey said there was "an urgent need for investment" by the industry, there were no arguments.

The NEDO report summed it up: "An increase of at least 60 per cent. in investment levels is needed in the industry to make up for the past low rate of investment, to ensure the right advances in technology and to meet the demand for better working conditions and improved standards of environmental control."

As far as the industry is concerned, the biggest burden will come with the anti-pollution legislation. The Council of Ironfoundry Associations estimates that an extra £60m. must be found to cope with the regulations compared with the annual £20m. the industry has been spending — and these are early-1974 prices.

The only way that the industry could support this burden without reducing capacity would be if it was given a much longer period than the five years presently envisaged to introduce the changes, or if there were financial assistance from the Government.

The U.K. ironfounders are lucky because they can point to the experience of the industry in the U.S., when similar anti-pollution regulations were enforced. Between 300 and 400 foundries closed, most of them small, private businesses. The big ones survived, just as those in the U.K. could be expected to survive.

Lion's share for foundries

With the American experience in mind, Mr. Healey announced that he was to provide £50m. "to help promote the modernisation and restructuring" of a number of industries—including the ferrous foundry industry. At the moment it looks as if the foundries will get the lion's share of that £50m. because it is hardly worth while talking in terms of much less than £50m.

There was, of course, plenty going on behind the scenes before Mr. Healey's Budget speech, since when there has been no lack of activity in the industry. CIFA is asking its members for details of investment plans and about the age of equipment. And an outline scheme for Government assistance is being worked on by a "shadow" Little Neddy. The Chancellor actually jumped the gun by some weeks when he suggested that there was an Economic Development Committee for the foundry industry already in existence. However, the search for a chairman—who must come from outside the industry—is nearly over and official formation of the foundries' own "Little Neddy" will soon be announced.

Meanwhile, the industry and NEDO are working hard to get the Government-assistance proposals ready by the end of June because, since the Chancellor let the cat out of the bag, those foundries already thinking about investment have naturally put their plans in the "pending" tray.

The industry is thankful that Mr. Healey has already committed himself to such an extent. It enabled Sir Don Ryder in his report on British Leyland, for example, to say that, although BL faces a substantial investment programme to bring its own foundries up to date, "this is a national issue which concerns the United Kingdom's industrial base." The Ryder committee therefore recommended that "once the broad outlines of BL's future are decided, discussions should be held with representatives of the foundry industry, both inside and outside BL, to plan a strategy of development and investment for the future." At to-day's prices the foundries improvement programme at BL would cost £50m., Ryder reported.

The understanding in the industry is that the BL foundries will not qualify for the Government-assistance scheme currently being worked out; the company is getting its State aid via a different channel. But companies like Birmid Qualcast, a major supplier of castings to BL, are glad to find that BL's capacity will not be built up without reference to the total industry picture.

Birmid's concern was justified because it supplies roughly one third of the castings used by Britain's automotive industry. The motor companies themselves are also big producers — again making about one-third of the castings used—and Vauxhall is the only one without its own foundry.

Updated its forecasts

What the Government has already made clear is that foundries will not be able to claim assistance simply to cope with the anti-pollution regulations. The principle that "the polluter pays" will not be changed.

But the industry must not be allowed to contract any further: that much seems to be agreed by the Department of Industry and NEDO which has updated its forecasts for the U.K. foundries and believes that in total tonnage terms there will be a stable trend of demand—in spite of the current wobble in demand from the motor sector.

There is no doubt the ironfounders can present a strong case showing that they need help to modernise.

However much cash the Government injects, though, the industry itself will have to provide much more. This will have to be reflected in the prices the foundries charge—and prices must then be kept at levels which will allow for further, regular modernisation investment if the industry is not to slip back into its present malaise.

MEN AND MATTERS

Philip Pensabene's bid day

"It's all been great fun, really, even though a great struggle at times," said Philip Pensabene. "I can't grumble." Neither should he grumble, presumably, at attracting rival take-over bids in these hard times for his Sealed Motor Construction company. Until just over a year ago, it seemed little could go wrong for SMC, thanks to dominance of the market for central heating circulation pumps.

But since then there has been a serious decline in the U.K. house-building market, added to which SMC has had to extricate itself from an unhappy involvement in the Italian market. Yesterday two bids arrived and, despite the apparent financial edge of the offer from Myson Group, Pensabene is recommending shareholders to support an approach from Adwest Group.

SMC, based at Bridgewater in Somerset, was started in 1945 by Pensabene's father, a Sicilian electrical engineer who came to Britain in 1906. His son joined the company in 1952, buying control for £27,000 nine years later. SMC went public in 1968, capitalised at over £4m. Philip Pensabene himself had developed a new type of pump which helped SMC to challenge the original market dominance of Birmingham Small Arms. By 1969, when SMC issued £2.75m. worth of shares to buy out BSA's pump interests, the two were neck and neck with some 40 per cent. of home sales apiece.

SMC achieved profits of £957,000 pre-tax in 1973-74, but then problems loomed up. The workforce of more than 1,000 (apart from the main factory at Bridgewater there is a small plant near Stroud, Gloucester, employing some 70 people) has been trimmed back to around 850, though Pensabene says he hopes SMC can begin taking on people again soon. The latest results cover the six months to last August, when pre-tax profits slumped from £401,000 to £138,000; SMC Lowara in Italy was sold for a loss to SMC of £161,000.

Having stated the preference for a future with Adwest, SMC's Board will be waiting to see if Myson, which recently built up a stake in SMC from 10 per cent. to 13 per cent., will try new tactics. As Pensabene says, Robert Myson, Myson Group chairman, is "a very determined man."

Home for the Mayor at last?

For sale in Rio de Janeiro: high-class property, 15-acre grounds, fine situation, nine bedrooms with baths, reception rooms, large porch, etc., in slight state of disuse, one owner only (British Government), occupier moved away in 1973, offers over £1m. Wanted urgently: large building for city administration, apply Marcos Tamoio, mayor.

The coincidence may mean that the embassy flag, brought out for a visiting Royal Navy squadron, is flying for the last time over the mansion in Rua Sao Clemente.

Sr. Tamoio's need to buy is possibly more urgent than the British need to sell. Some administrative changes last March, which involved Guanabara state ceasing to exist and Rio becoming an ordinary state capital, meant that it had a mayoralty for the first time but nowhere to put it. Thus Rio must be the only major city in the world with a homeless mayor. Tamoio and his staff now camping out in rented newspaper offices in one of Rio's seedier districts.

Derek Dobson, the British Ambassador, has the opposite problem. Since the last reluctant ambassadors were ordered up to Brasilia, Britain has been paying for the upkeep of two personal Rolls-Royces and three residences, one in the capital, a penthouse flat in Rio and the old embassy building.

Both parties confirm their interest in a deal, but the price is still being negotiated. It will show a large increase on the 1940s' cost price of £100,000 though a British spokesman called the locally-quoted figure of £2.5m. "rather on the high side." So the mayor may be able to end many jokes about him, and the British can be happy in the knowledge that this stately example of British architecture of the neo-National Gallery school will be preserved.

Spencer's new tasks

Boots reckons that for retail companies over the last ten years, prosperity came to those who got the marketing angle right. Now, though, "the company that gets its finance right is going to be successful," as a spokesman put it.

He was discussing Boots' decision to split the managing director's job in two: the present incumbent, Douglas Appleby, will look specifically after "financial planning and control" and Alan Spencer is promoted to "take charge of operations over all the company's business."

Until now, Spencer, 55, has had charge of retail activities, which means he will have to extend rapidly his knowledge of Boots' other major wing, pharmaceutical manufacturing, although as he says his stores are the "biggest customer" for the products side.

He joined Boots in 1938, and after a break for war service became deputy manager of the company's London warehouse in 1946. He was headed, though, for the estates division, prefaced by a two-year secondment to estate agents Healey and Baker to learn the trade.

Spencer rose to estates manager in 1955 and took over shop planning three years later. His task was mainly to standardise the internal and external look of Boots' branches, the number of which grew after the Timothy Whites takeover to 1,500, having since contracted to 1,100 although actual floor area has risen. One of his early decisions was the one to scrap Boots' famous in-shop libraries. He remembers the rumpus that caused, particularly as W. H. Smith had closed its library a year before and Boots had taken on the subscribers.

Boots has been very keen to build in new directions on its solid retail base, but finding the right strategy has not been easy. Spencer spent much "nerve-racking" time preparing and giving evidence to the Monopolies Commission on the plan to merge with House of Fraser, eventually dropped. So where now? The Continent beckons many; however, chemist chains in the Boots style are not on under EEC rules, but Spencer maintains: "We haven't given up hope."

Fit

The magazine *General Practitioner* is edited by one John Illman.

Observer

FINANCIAL TIMES SURVEY

Tuesday May 20 1975

Steel Stockholding

With a growing proportion of steel output passing through their hands since the war, and having made increasing inroads into processing the product, steel stockholders may be said to be marking time during the present recession after which they can look forward to a rapid build up in their activities. Europe has proved fertile ground for expansion.

Strong nerves in a trying period

BRITAIN'S STEEL stockholders are responsible for the supply of more than a third of the steel consumed in the U.K. every year. The proportion has grown rapidly since the war and on present trends this process should continue. Indeed, the current recession in steel demand could provide the stockholding industry with a springboard for a very rapid expansion when the market picks up again.

For this growth to occur, however, the 300 or so stockholders—large and small, general and specialised—who serve the tens of thousands of steel users in the U.K. will have to keep their nerve.

As Mr. John Annetts, Chairman of the National Association of Steel Stockholders, said in his recent annual report: steel in stock last year was as good as money in the bank, particularly with the Chancellor's concessions on stock appreciation.

This year, however, Mr. Annetts suggests that stock levels need to be watched closely. With demand unlikely to improve during the remainder of the year, with money still expensive and with many of the stockholding industry's customers experiencing cash flow problems, it must be expedient for stocks to be held at the lowest possible level, while still providing users with the service they have come to expect.

All this is obviously true. Nevertheless, it could equally well be argued that these are the very conditions in which stockholding, essentially a service industry operating between the producer and the user, should flourish—given nerve, good sense and internal discipline.

It would be no use at all, longer-term, if stockholders competed among themselves for business at this moment to the extent that under-cutting led to low profits, or actual losses, which made further investment in an efficient, low-cost service impossible.

The difficult period through which the steel industry as a whole is moving at the moment has tended to obscure the impressive strides which have already been made by the stockholders since the war.

Members of the NASS took nearly 36 per cent. of U.K. mill deliveries of those products in which they deal last year, or some 3.55m. tonnes of steel. Although this proportion was a marginal 1 per cent. less than in 1973, it compares with a 27 per cent. share of the market in these products only seven years ago.

In cash terms, the growth of steel stockholding in the U.K. is even more impressive. It is estimated that the industry now has a turnover of more than £600m.—a tenfold increase in cash turnover in the last 15 years which cannot be explained away simply as an effect of inflation.

Expansion

It has been said, with justification, that there are three main reasons for the need for stockholding and for its expansion record — availability, the cost of possession, and the industry's ability to process and prepare parts for manufacture.

In a sense the industry's role is essentially that of an entrepreneur buying large quantities and selling in smaller quantities.

It is one of the facts of life in the steel industry that mill economics dictate a requirement for long production runs—indeed this is the basic premise of the British Steel Corporation's £4.5bn. investment programme—while smaller users want small quantities.

These relatively small parcels are more likely to be available from a stockholder than from one of the processing mills—indeed the tendency in recent years has been for the mills to place a premium on the supply of small quantities.

Then, as Mr. Tom Baxter-Wright, product group director of GKN Steelstock's general steel products group, pointed out recently there is the question of "cost of possession."

The elements of the cost of possession theory are material costs (material plus interest or opportunity cost); storage costs (warehousing plus handling and storage equipment plus interest or opportunity cost); operating costs (processing plus manpower plus scrap); and other costs (insurance plus obsolesence plus deterioration).

Mr. Baxter-Wright's argument is that the steel buyer should be concerned with all of these elements, that is with the true cost of steel into his production line, not the invoice price.

According to him the added costs make the real cost of steel as much as 20 per cent. above the manufacturers' price and more than the additional price charged by the stockholder for the material delivered for production or consumption at the appropriate time.

For obvious reasons—emphasised by the cash flow problems which have afflicted user industries recently—the vast bulk of the stockholding industry's business comes from the small to medium sized company.

But it is still worth noting that the British Steel Corporation, along with British Rail and the Coal Board, is one of the largest buyers of steel from the stockholders.

Despite this close relationship—which involves the duplication of the buyer-seller role—there has been a certain amount of mutual suspicion between the nationalised BSC and stockholding interests over the past year. There are several reasons for this.

First, of course, the BSC has made important incursions into the stockholding business itself recently and there is still some uncertainty on the part of the essentially private sector stockholding industry about how far this process will go.

Secondly, imports totalled 3.64m. tonnes last year, which was the highest figure recorded since the 1967 nationalisation, and a sizeable proportion was handled by stockholders.

According to the stockholders this happened because of the BSC's supply difficulties, but the Corporation has claimed that the industry has been at least disloyal to its main supplier and at worst unpatriotic.

In fact, although the BSC may find this difficult to accept, the stockholders' defence is a strong one.

For a variety of reasons, BSC supplies of some products were simply not available earlier last year — coking coal shortages during the miners' dispute, difficulties over ferrous scrap supplies, labour disputes within the Corporation and blast furnace failures all took their toll. The stockholders, not unnaturally, are reluctant to become so exposed to one supplier again.

And secondly, from the discussions I have had with stockholders recently it is obvious that some overseas suppliers have reacted with far more "flexibility" during the present recession than the BSC. That is, they have cut their prices while the Corporation has tended to hang on as far as possible to its published schedules.

Laudable as the BSC's approach may be, in terms of market stability, the stockholders have had to provide their customers with the cheaper steel which they know is available.

The important thing to remember is that the fall off in steel demand is a worldwide phenomenon. In fact, this is probably the first time which most steelmakers and distributors can remember when all of the major steel-producing countries have been in phase.

Sales by the French stockholders have fallen to the same extent as those of the U.K. industry and they expect that 1975 will be as bad as 1972, which for them was a particularly poor year.

And although German stockholder sales are not down to the same extent, there is no definite evidence of an improvement in that country this year, even though the economy appears to be picking up.

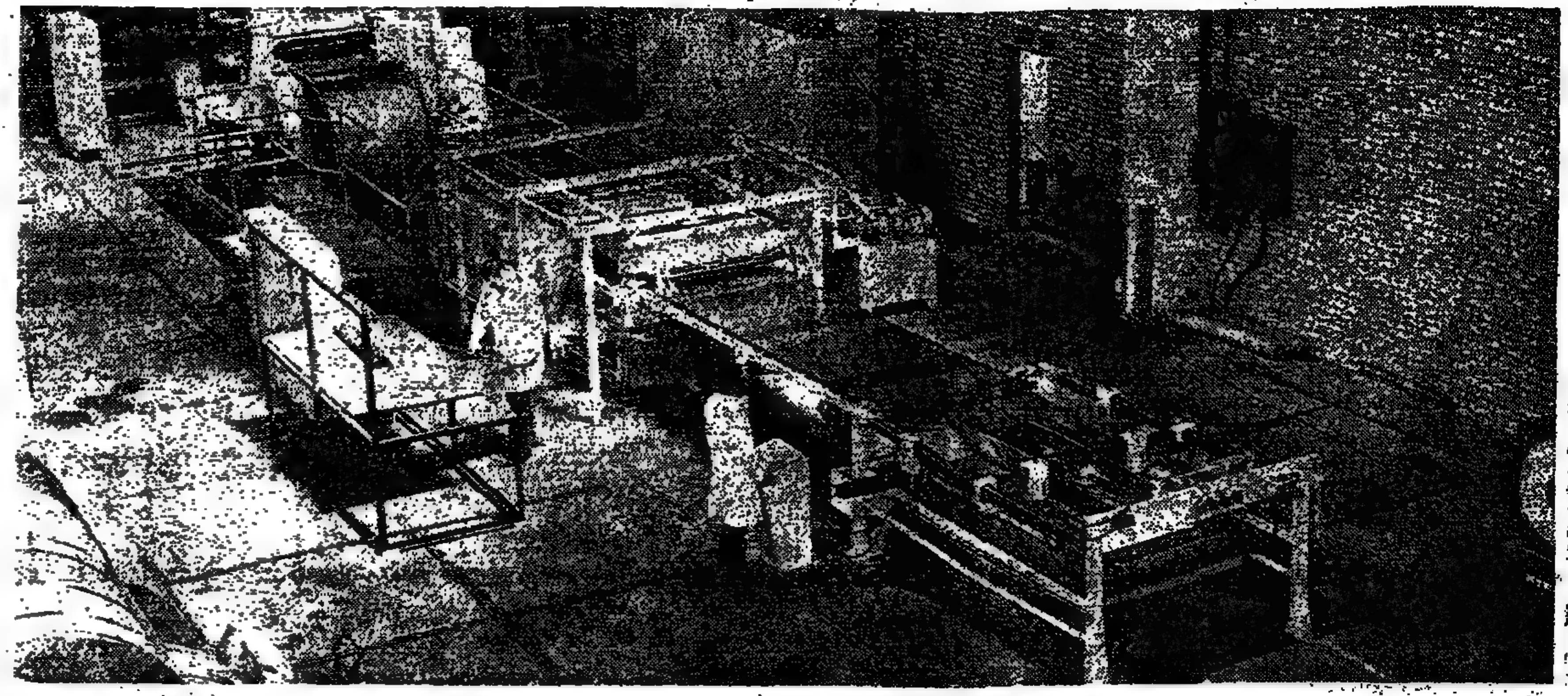
The main problem facing the stockholding industry at the end of last year was that stocks were very much higher than at the end of the previous year. In all, the total tonnage in stock was 47.2 per cent. higher than in 1973, representing 62 days sales compared with 33 days.

Users had large stocks when their order load started to fall and this means that on current order levels they were very much over-stocked. End user orders for steel fell considerably in the early months of this year, therefore, as stocks were being run down.

Even now, it is estimated that the level of business being carried out by stockholders is no more than 70 per cent. of normal on average, but there is a feeling that the de-stocking process by the industry's customers must end soon.

That being so, the industry feels that demand should improve, although only to the low level commensurate with the depressed state of the economy. There is unlikely to be any major improvement before next year. The next nine months could be a very trying period for the industry and yet they could represent an opportunity for stockholding as such to become even more firmly established in the steel market.

Harold Bolter
Industrial Editor



A new de-coiling, cut-to-length and simultaneous blanking line operated by a steel stockholder

BSC seeks a larger slice

WITH THE completion of its £6.6m. acquisition of Lye Trading last October, the British Steel Corporation finally made the incursion into the stockholding business which has been on the cards since nationalisation. And in the few months since then it has shown every sign of a determination to move further into the business, in the U.K. and abroad.

Indeed, this was always the logic of the Lye Trading acquisition, which gave the Corporation a 5-6 per cent. share of the growing steel stockholding market. It is now estimated that the BSC has an 11 per cent. share, and this could rise—not necessarily by further acquisition, although this is possible—to 15 per cent. or slightly more.

When it bought Lye Trading, the BSC already had a minor interest in the industry through H. F. Spencer, a company retained after nationalisation. Now, in the last few weeks, it has been announced that these two businesses will become the basis for a completely new activity, British Steel Service Centres.

Autonomous

Although it is a division of the Corporation, the new business will be operated on an "arms length" basis, the BSC has promised, and it will be effectively autonomous.

Under the over-all control of British Steel Services Centres there will be a number of branches, one of which is the Lye Spencer Steel Services organisation, carrying the flat products side of the combined Lye and Spencer. Another branch will be a reinforcement division, at present part of the BSC's General Steels division.

Later two further divisions will be developed, one covering General Steels' division's long product and plate products and the other covering stainless steels.

BSC intends each of the divisions to specialise, although some of the locations may be linked. It also intends the divisions and individual locations to profit centres.

The Corporation has also decided that the new stockholder network should not stock BSC-produced steel exclusively, but carry a reasonable proportion of imported material.

Maybe, as some of the Corporation's other stockholding customers have found in the past, too great a reliance on a single supplier can be a dangerous practice. More than that, however, by taking foreign steel into its stockholder outlets the BSC may reasonably expect an easier passage into sales outlets for its own exports.

The Corporation's plans provide for the U.K. service centres to be of the type developed by Lye Trading before its acquisition by the BSC. They will offer substantial processing facilities such as slitting, blanking, guillotining and other services.

In addition, it is determined that British Steel Service Centres should have a significant presence in Europe and perhaps elsewhere as well.

At present it is intended that outlets should be developed in France, Germany and the Benelux countries and there may be some development at Houston, Texas, and elsewhere in North America, through a mixture of takeover and original investment.

Although the BSC has acted quickly since its first real step into the business just over six months ago, the rest of the stockholding industry seems relatively unperturbed, although it is treating the development with some caution.

As stockholders have come to handle an increasing proportion of the steel it produces, there was an assumption on their part that the BSC would want to get into the business at some stage.

Indeed, there appears to be a common view that as the Corporation's entry was inevitable, it was better that this should be achieved through the purchase of an existing stockholder than through the establishment of a new company which might have created excess capacity in the industry.

Some of the other companies in the industry also feel that by getting more involved, the BSC may come to understand its customers' problems more clearly than it appears to have done at times in the past.

There is an awareness on both sides, too, that the BSC needs to maintain a good working relationship with the rest of the stockholding industry. After all, the industry as a whole does take over a third of the Corporation's total tonnage output.

The experience of the last few months has tended to provide a considerable amount of reassurance to the other companies in the stockholding industry about the BSC's intentions, too.

First, when supplies were short last year, there were no indications that the BSC-owned stockists were getting more than their fair share of available supplies.

Meaning

And now, in very weak market conditions, there has been nothing to suggest that the BSC's stockholding interests intend to off-load steel cheaply in order to keep the Corporation's mills loaded. Trading on an "arms's length" basis appears to have meaning.

It is still not clear, however, whether British Steel Service Centres will have some role to play in the BSC's scheme, now being studied by the Government, to set up some form of strategic stockpile of steel during the present demand recession.

The arguments in favour of such a move are very strong.

First, a stockpile would enable the BSC to go some way towards stabilising employment. This is important, in the context of the row which the Corporation is now having with the Government and the trade unions over its plans for a reduction in manpower of 20,000 because of the recession.

And secondly, the stockpile would provide some of the raw material needed for a really fast start-up when industrial production revives.

It is already clear that the recession, together with the associated squeeze on cash flows in the stockholding industry and among customer industries, is leading to some imbalance in stocks. This, unless some form of reservoir is established, could be an acute embarrassment when trade picks up.

For the time being, however, it is not certain whether the stockpile will be set up, what it will cost (although a figure of £100m. has been suggested), or how it will be organised. Like many of the other activities in which the BSC is involved, this is an area which the rest of the stockholding industry will study with interest.

Harold Bolter

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The advantages of size

IT IS certainly no secret that the *British Steel Corporation* wants to build up its interests in steel stockholding and this would naturally involve some major disturbance of the industry's structure. Last October the corporation emphasised its determination when it completed the £6.6m. acquisition of Lye Trading. This Birmingham-based business has a turnover of more than £22m. and made profits of over £1m.

The BSC apparently feels that a 15 per cent. share of the U.K. market would be appropriate with its declared policy of "co-ordinating production and distribution so as to provide an improved service to customers both in the U.K. and overseas." The Lye merger took it to something like 11 per cent.

Candidate

That being so, another *major* acquisition would be on the cards. Speculators have therefore attempted to spot the most likely candidate and have only succeeded in naming practically every sizeable and successful company in U.K. steel stockholding. James Austin, Brown and Tawse, R. G. Brown (part of Central Wagon Company), George Cohen's Dunlop and Ranken subsidiary as well as the privately-owned C. Walker and Sons of Blackburn have all featured in this particular guessing game.

However, the problem for the BSC is that its philosophy that any acquisition should be completed on a friendly basis conflicts with the extreme reluc*tance on the part of the manage*ments of companies to leave the private sector and become part of a nationalised organisation. On current evidence it seems that the corporation would only succeed in building up its stockholding business via an aggressive acquisition. But there are more than just political reasons why it should not come out as a predator in any bid.

Steel stockholding is very much a personal business and the personality, expertise and contacts of the man who runs a local stockholding depot is often a major factor in its success. *Therefore it is absolutely* vital that the BSC can remain on friendly terms with the management and senior employees of any company it takes over.

This seems to be the corporation's argument. However, an unfriendly welcome did not deter Guest Keen and Nettlefolds pushing on with its bitterly-contested bid for Miles Druce, the largest stockholding concern in the U.K., through every possible obstacle. The battle dragged on over 2½ years with Miles Druce hoping at the end that the European Coal and Steel Commission—which has the last word about any such mergers—would block it.

In giving its approval, the Commission noted that the stockholding interests of the two *groups together (GKN's stock*holding division was *slightly smaller* than Miles Druce) would account for around 20 per cent. of the U.K. market in *basic steel products and it did* not find this objectionable.

GKN had argued, without persuading the Miles Druce Board, that the U.K.'s membership of the EEC provided market opportunities and challenges which GKN and Miles Druce together would be "better placed to contend both defensively and aggressively." It was claimed that they would be able "*to provide an enhanced and* more flexible service to customers and be sufficiently strong to meet the future competition from other existing or emerging large steel stockholders, particularly those associated with major steel-producing organisations."

GKN even at that stage was obviously expecting the BSC to emerge as a major stockholder and so emulate many European steel producers. GKN maintains stockholding companies must become larger to put them on more favourable terms when negotiating with enormous suppliers like the BSC and equally-huge customers like the National Coal Board and Imperial Chemical Industries.

*The Miles Druce and Lye take*overs followed a number of other changes in the industry over the past few years. West Midland Steel Stockholders was taken over by Expanded Metal, the John Cashmore and Macready's Metal went to Glynwed. Herringshaw Steels was absorbed by Thorn Electrical Industries.

In all these cases, the search for a sizeable base from which to negotiate with the big suppliers played a part.

What makes the steel stockholding industry somewhat different to others is that the round of *mergers and link-ups* went both horizontally—where like merged with like—and vertically—where the mergers were with either suppliers or users.

The BSC-Lye deal illustrates perfectly the vertical realignment. The GKN-Miles Druce takeover illustrates the horizontal one.

And while all this is going on there are the cross-frontier mergers to consider. Members of the European Coal and Steel Community are all looking for opportunities to spread their interests into other Community *countries apart from their own.*

There was much talk at the time of the BSC-Lye deal about the possibility of major steel producers from Continental Europe "invading" the stockholding scene in the U.K.

Overseas groups are, of course, already established in Britain. Among others, Solas of France has a stockist operation in Northampton and Udderholm of Sweden as well as the U.S. groups Atlas and Crucible Steel have well-established British offshoots acting as stockholders for the products.

Onslaught

But the big onslaught by the *major European steel producers* has yet to materialise. They certainly have not given up the idea though. Only a few weeks ago one of the major U.K. stockholders was tentatively approached by a German producer who had a takeover in mind.

The U.K. stockholders (and the BSC for that matter) are in their turn *searching the Con*tinent for suitable expansion opportunities. At GKN Steelstock, managing director Norman Richards, says: "We believe we are ten years ahead of companies in this business in Europe." GKN has already made a fairly important acquisition in P. and M. Cassart Metallurgical Products, one of Belgium's top three independent steel stockholding companies. Cassart agreed to move in with GKN because "there is going to be no room in Europe for medium-sized steel stockholders. You will have to be either very large or very small," according to managing director Ivan Cassart.

But GKN is probably setting the pattern for other groups when it maintains there is no point in rushing things, or in trying to implement *U.K.-style* practices that the European markets are not yet ready for. "It will be a question of moving slowly until we see the time is ripe to bring our experience to bear," says Mr. Richards.

And it is going to take a great deal of searching in the fragmented Continental European markets to find the right candidates for acquisition. The attempts are being made, though, with R. G. Brown setting up a subsidiary for this purpose in Luxembourg as only one example.

But all this overt interest may *well* cause the U.K. companies some problems in finding the right companies at the right prices. After all, now that the Continental steel stockholders know they are so much in demand, they will be bound to put up the asking price.

So, as with the BSC's progress into steel stockholding in the U.K., the encroachment of the British companies in Continental Europe is almost certain to be a very slow one.

Kenneth Gooding
Industrial Correspondent

Volatile price situation

LIKE MANY other sectors of British industry, the steel stockholding industry during the past year has run into severe cash flow problems. There was some relief last November when Chancellor Denis Healey eased the amount of tax which had to be paid on stock appreciation —a relief extended in the March Budget. But rapid steel *price increases are still putting severe pressure on stockholders.* They must watch cash-flow very carefully to make sure they generate the extra working capital they need.

The Price Code does not help of course. Last autumn the National Association of Steel Stockholders pointed out to Shirley Williams, Secretary of State for Prices and Consumer Protection, that the Price Commission's ruling that "stock profits" should be included in the calculations to establish "gross margins" presented the industry with very real dangers.

It was pointed out that for many years it has been the custom in the steel trade that prices should be those ruling at the date of delivery, that is, replacement cost of stock had always been acknowledged as of *prime importance.* NASS urged that the Price Commission changed its practice immediately as the treatment of stock appreciation as part of the ordinary margins "was a threat to the future viability of the steel stockholding industry."

Accounting

Mrs. Williams' department suggested that the steel stockholders—and other industries which had made similar appeals —should wait to see what the Sandilands Committee, currently examining the question of inflation accounting, came up with in the way of recommendations. At the same time it was made very clear that there was very little hope of any early concessions on the Price Code as there would be political diffi*culties.*

So the steel stockholders are among those who await publication of the Sandilands report with more than usual interest. We know that the report has been completed. All that remains is the Government decision to publish.

NASS has outlined its views on inflation accounting in a letter to the Chancellor in which it maintained that the industry would best be served by a system which allowed companies to reserve in full against their tax liability any stock *appreciation items shown up by* accepted stock valuation procedures. Such procedures could include valuing opening and closing stocks on a replacement value basis and putting any excess thus set up to reserve. These reserves would be reduced if prices went down and any stock depreciation was incurred. The reserves would not be eligible for distribution to shareholders. Alternatively, NASS feels that a form of "last in first out" (LIFO) stock valuation could help to answer their problems.

*There have been some sug*gestions, and pretty authoritative ones, that the Sandilands report will suggest that a LIFO system might be allowed for suitable industries and companies. Certainly in the U.K. support for relacement cost accounting, of which LIFO is one type, has been gaining ground. It might have been significant, *for example,* that Mr. Healey's stock appreciation concession is based on actual values rather than an index-based formula on the lines of Current Purchasing Power (CPP) practice so beloved of the accountancy profession.

Essentially CPP concentrates on the problem from the shareholders' point of view and analyses changes in the monetary net worth of a company; it only attempts to deal with general inflation, as expressed in the retail prices index. On the other hand, replacement cost methods consider the real or physical capital of a business and will produce considerably different results if the values of a company's assets move significantly out of line with prices as a whole.

NASS *supports* the *use* of LIFO because it makes allowances for different rates of inflation in different industries, an important point when steel prices are going up faster than *most others at the moment.*

Certainly steel prices have been moving ahead at an almost alarming rate. Following the 25 per cent. price increase by the British Steel Corporation in *April, 1974, there was a further* price rise in January this year which was estimated by the BSC to give it 20 per cent. extra revenue.

For bars and flats, the rises were from 17 to 26 per cent., sections 19 to 26 per cent., plates 24 per cent., strip mill products 15 to 22 per cent., stainless steel sheet 2 per cent., and stainless plate 12 to 15 per cent. Hollow sections, a product not covered by the European Coal and Steel Community list, were subject to the Price Code *and* price increases of between 15 and 35 per cent. were applied only at the end of February.

Strictly speaking, formal State control over steel prices ended with Britain signing the Treaty of Paris which governs the ECSC. It is only since April 1973 that the U.K. moved over to the Common Market basing point system of steel pricing which, among other things, meant that, instead of a single price being charged for any steel product regardless of how far away from the particular steel plant the customer *might be, a number of so-called* basing points were set up. Though not necessarily coinciding with the major steel plants, at least as far as some products are concerned, these have been made the basis for prices. So now customers for any particular steel product pay more for it the further away they are from the basing point.

Under the terms of the ECSC rules steel producers can depart from these prices only to the extent necessary for them to align their prices down to, but not below, an offer made by a *competitor for any particular* order. The rules are designed to stop "dumping" and other forms of unfair competition among Community members.

Unfortunately for the BSC, *although the U.K. Government* is not supposed to have a direct influence on prices, as a nationalised organisation it is subject to Government pressures, *to say the very least.* So *its 1975 price increases* were delayed and have disastrously coincided with the severe weakening in demand for steel. Just as the BSC put up its prices—to a level designed to *make them only a little higher* than its Continental European rivals—Continental steel prices came down, some of them by about £50 a tonne. So BSC's rise suddenly made its prices *highly uncompetitive.*

Advantage

Naturally the steel stockholders are taking advantage of low European prices and buying from abroad.

As imports increase there is no sign that the BSC will change its pricing policies. Indeed, there are some suggestions that there might even be another price increase in the latter *half* of 1975. If this does happen it would give the Continental producers the chance to *hoist prices while still remain*ing competitive with the BSC. And that would have nasty balance-of-payments implications.

Meanwhile, the advice given *to steel stockholders at the* recent annual meeting of NASS by John Annetts, the chairman, was that this year stock levels should be closely watched. "With demand unlikely to improve during the remainder of the year, with money still dear and many customers experiencing cash flow problems, it must be expedient to *hold stocks at the lowest level* possible while still providing the users with the first-class service that they have come to expect from members of the association. . . . Especially now the market is flat, regard must be had to costs and this obviously also applies to prices."

Kenneth Gooding

Forging links with Europe

THE CHANCES are that the next few months will see one or more announcements of further forays by U.K. steel stockholders into Continental Europe. For throughout the industry at this time of general depression, when demand for steel in particular has slumped, more than usually covetous eyes are being cast across the Channel at the prospects on the other side.

At the moment, of course, the situation vis-à-vis the steel industry is little or no better than here. As Mr. John Annetts, chairman of Britain's National Association of Steel Stockholders, says in his latest annual report: "The fall-off in demand has been worldwide, it being the first occasion I can remember when all the major countries have been in phase—unfortunately unity in depression.

"Sales by the French stockholders have fallen to the same extent as our own, and they expect that 1975 will be as bad as 1972, which for them was a particularly poor year.

"The German stockholder sales are not down to the same extent, but in the early part of the year they could see no improvement for 1975, although it now seems that the German economy is picking up as a result of actions taken by the German Government."

Recession

Just how bad the European situation is has been highlighted recently by the efforts of steel producers to secure short-term help from the European Commission in countering the recession. Forecasts published by the Commission itself at the beginning of last month suggested that EEC steel mills could well run at only 75 per cent. capacity in 1975, taking into account an estimated 11m. tonnes increase in potential annual output.

Total production, according to the estimates, is likely to be 16m. tonnes down on the 156m. tonnes of 1974, when mills notched up an 85 per cent. level of utilisation, with a 4m. tonne drop in exports coming alongside a slight rise in imports because of the world market availability of cheaper steel, notably from Japan. Nonetheless, the Commission rejected the requests for help, declining to impose restrictions on imports, set production quotas, or fix minimum prices. Its sole undertaking was that it would "keep a particularly close eye on the trends in steel imports to the Community and their effect on steel prices . . . so as to be in a position to base any decisions that may prove necessary on sufficiently reliable data."

From the stockholding industry have come estimates that European sales in the year as a whole will be 16 to 20 per cent. down on 1974 after a 30 per cent. drop in the first three months of 1975 compared with the corresponding period a year before. Though some pick-up in demand is expected by about October in one or two markets—especially West Germany—the general expectation is that no real recovery will become apparent till mid-1976.

Thus, there is very little short-term likelihood of a sales upsurge for stockholders in Europe. The best that can be hoped for is a larger share of a declining market as customers, faced with their own cash-flow problems, buy more on a day-to-day basis—which means buying from stockists rather than directly from steel mills interested, basically, only in larger orders.

So the prize being sought in Europe is no longer one of early rewards. But, on a longer term basis, there seems little doubt that the rewards are there. For the present European stockholding industry differs very considerably from its U.K. counterpart. First, the majority of stockists on the Continent are tied to steelmills in a way virtually unknown in this country.

The U.K. stockholders, with the major exception of British Steel Service Centres, the recently formed British Steel Corporation stockholding subsidiary, are independent companies, buying from a variety of sources at the most favourable rates they are able to negotiate (a pattern the BSC stockist companies themselves look likely to continue). On the Continent producing mills have a significant ownership in stockholding and, although many stockists are still free to buy from competitive sources, there are commitments between them and their parents in many cases, ensuring that certain tonnages are absorbed from the relevant mills—and these are commitments which, obviously, become tighter as sales generally decline.

Second, the majority of Continental stockists perform purely merchanting and warehousing operations, without the processing capacity which characterises so much of British steel stockholding. In this country, the typical stockholder describes his business, with a great deal of justification, as a service centre. Few European stockists could use the same description of themselves.

Thus, the opportunity beckoning to the British stockists from the Continent is not simply that of setting up in competition with traders already active there but in introducing European steel users to what is to some extent a different type of business. It is the potential seen for this that is causing the flurry of interest in Europe which is not only surviving the present depression but appears to be intensifying during it. For, with stockholding having gained such a significant share of the British market for steel so quickly the industry is now virtually forced to look abroad for further substantial growth.

Pattern

The first of the U.K. stockholding groups to turn to the Continent was John Williams of Cardiff which, in 1970, linked with Nobels-Peelman of St. Niklaas, Belgium, to set up the Ghent Steel Center. That move—and the Ghent Center was said in Williams' last annual report to have "experienced a satisfactory increase in sales and profits for the period to the end of September"—set the pattern which the other U.K. stockists to have entered into business on the Continent have generally followed. It has been a matter of moving-in via acquisitions or joint ventures with existing European stockholders rather than starting from scratch.

Among the more notable deals was the 1973 agreement between C. Walker and Sons, of Blackburn, and two major European stockholders, A. Lommaert, which operates in the Benelux countries and West Germany, and Ets. Metallurgiques J. Champion, of France. The three companies, all privately owned, have combined their technical and commercial services to produce a group operating in some 20 of Europe's major industrial centres and having a turnover of some 1m. tonnes of steel a year.

Then last year came GKN Steelstock's purchase of the family-owned Belgian concern P. and M. Cassart Metallurgical Products, number three in the league table of Belgian stockists with about 10 per cent. of that country's market for stockholder steel. The negotiations with the Cassart family, whose members are continuing in their previous management positions, were taking place at the same time as GKN was pursuing its long contested but eventually successful bid for Miles Druce in this country.

The Cassart deal is, perhaps, worth looking at in some detail for the light it sheds on the motives behind European expansion by British companies and the reasons some Continental concerns are very willing to be the vehicles for this. Cassart considered itself to be "big enough for Belgium, but not big enough for Europe." It also saw itself as a prime target for takeover attentions from companies seeking a foothold in Belgium.

But what it did not want was to be pursued by a French or German steel producer looking for another tied stockholder. So it actively went out to seek a partner through the Bank of Brussels. Already in contact with the bank was GKN which had been studying the European stockholding markets with a view to breaking-in to one or another of them and had not only settled on the Benelux countries as the ones to go for first but was negotiating with another Belgian company when the bank put forward Cassart's name.

Why was GKN so anxious to get established in Belgium? "Although the European markets are all domestic in their nature and all of them different, we hope that the acquisition of Cassart will teach us something about the European steel stockholding scene as a whole," says the company. "We believe we are ten years ahead of companies in Europe, but there would be no point in rushing into things in Belgium that the market does not want at the moment. So it will be a matter of moving slowly until we see the time is ripe to bring our experience to bear."

These few examples do not exhaust the list of U.K. stockists with active European interests. In Belgium, there is also, for instance, Arthur Lee and Sons of Sheffield, a leading private sector steel producer which has been in stockholding for only six years and early in 1973 bought a half share in Aciers Alexis.

Difficulties

How successful such ventures have been is not so easy to judge. What is sure is that there have been problems in the past year as the market has slumped, and at least one company has run into difficulties over bank guarantees to back planned expansion. But it seems certain that none of those who have moved across the Channel wish they had not done so. "We regret nothing," said one last week. GKN, as the latest arrival, is thus well ensconced in new office building plans, and the general feeling is that the market there will pick up faster than at home in any case.

As for the major U.K. stockists not involved on the Continent, the only one on the record as having plans to become so is British Steel Service Centres, which has made no secret of its keeness to enter the European scene by acquiring existing businesses there. Privately there are few other stockists of any significant size not saying much the same thing.

At the same time, the process has had its two-way elements, with European interests making small, but quite significant, assaults on the British stockholding industry. In Kent, for example, Helical Bar of London and Sutton-in-Ashfield has got together with Usines Gustave Boël, a leading privately-owned Belgian steelmaker, to set up Queenborough Steel. This, in turn, has entered into exclusive agency agreements with Boël and a French associate of the Belgian company, and will distribute the products of the Continental companies throughout Britain while also acting as a stockholder buying-in from other sources too.

The French Solas group has a stockholding operation in Northampton, while Uddeholm of Sweden is among the overseas groups with well-established British offshoots acting as stockholders for their products. From Germany came the purchase of the sizeable Howard E. Perry Company by the Klöckner group.

Thus, in both directions, stockholding has been seeing an increasing number of links of one sort and another between British companies and their Continental counterparts. The European Commission has not intervened in the process, and, presumably, will not do so in the future though, as the GKN-Miles Druce affair in particular showed, it has considerable powers at its disposal. But this embryo Europeanisation of the industry is, it has to be assumed, meeting with its blessing. Certainly it is a process bound to continue, and probably at a faster pace than seen up to now.

David Walker

Increasing need for training

TWENTY-FOUR delegates at a management course were asked to list in order the industry groupings which comprise the four major customer groups of the British Steel Corporation for finished steel products. None of them gave the correct answers — and they were delegates at a marketing management course run by BSC at its Management College at Ashorne Hill! The lecturer, Mr. Tom Baxter-Wright, director of GKN Steelstock, who is also chairman of the Marketing and Publicity Committee, of the National Association of Steel Stockholders (NASS), then asked how many had spent time at a stockholder's premises. None of them had.

If Mr. Baxter-Wright's experience suggested a need for continuing training and education of BSC marketing personnel, how would stockholders stand up to a few searching questions on the subject of training?

For example, how many stockholders actually organise and budget for training? How many attempt an "in-house" training programme as distinct maybe from merely sending their people to sponsored courses in response perhaps to some eye-catching leaflet landing on the manager's desk?

Other than companies forming a part of major industrial groups, such as GKN Steelstock, the Glynwed Distribution companies (Cashmores and Macreadys), Dunlop and Ranken (The 600 Group), and TI Stockholding, probably very few stockholders could claim to do more than support NASS and other educational courses. And some member companies of the association do not get that far.

Two individuals who have been making news recently, Mr. Stephen Druce and Mr. David Smith, who, together with Barlow Rand, have founded Smith Druce and Co., have firm views on training and its role in the stockholding sector. Mr. Druce (chairman) and Mr. Smith (deputy chairman and chief executive) made particular reference to Denton Stainless, their U.K. stainless steel division, of which Mr. Smith is the chairman.

"Training is about people and must therefore be one of the key factors for success in any business," said Mr. Smith. "In general, the stockholding sector has paid little attention to training except perhaps a comparatively few companies who allow their people to attend the excellent courses run by NASS and other bodies. I believe, however, that NASS would admit that its courses cannot attempt to substitute for well-planned and organised 'in-house' company training programmes."

Mr. Druce and Mr. Smith, both raised in the Miles Druce school, have seen the effect of planned training at all levels. David Smith, in fact, to some extent pioneered sales training in the stainless steel stockholding sector when, some years back, as managing director of Miles Druce Mulberry Company, he introduced "in-house" training programmes, coupled with tailored courses arranged by the Pirbic Organisation (whose managing director, Mr. Peter J. Youdale, addressed NASS members yesterday during their annual conference at Eastbourne on the subject of "Does Training Pay?").

Candidate

The attitude of the recipient of training is vital. No matter how good instruction may be, if there is not a receptive and willing approach it will be wasted. Training is only one part of a package and, it could be argued, the least important part. Working environment and planned acceptable career development are other constituents. Unless an individual feels that he knows what he would like to achieve and is confident that the company he works for really does have his interests at heart and is doing something about it, then he is much less than an ideal candidate for any form of training.

Those who will always welcome and benefit greatly from training are ambitious people working in a forward-looking environment in which planned career progression is not just a catch phrase.

If companies pay only lip service to recruitment policy, planned career development, environment, and then to training, they must expect nothing more than mediocrity—and may not even achieve that.

GKN Steelstock has an in-depth training programme. So, too, does TI Stockholding, which, as part of the TI Steel Tube Division, embraces Barrow Hope, Markland and England, and the recently formed TI-Wilson. Personnel from those companies have opportunity to attend courses at Woodbourne Grange, Birmingham, Tube Investments' residential training college. The courses vary from a single day to a week or a longer period.

Available to every NASS member company are the courses planned by the association's Development and Education Committee, which, under the chairmanship of Mr. Richard Rawlins (Cashmores/Glynwed Distribution), offers two weekend courses every year. Fourteen courses have been held to date and a "working weekend" sometimes attracts as many as 80 delegates. In fact, several of the courses have been repeated in the face of heavy demand.

Marketing, transport, finance, among other subjects, are covered by acknowledged experts at the NASS courses, which have undoubtedly been of very great benefit to the

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Service centres gain importance

THE TIME will perhaps come when the National Association of Steel Stockholders, with whose annual conference this survey coincides, changes its name to Association of Steel Stockholders and Processors, or something similar. For the term stockholder or stockist is rapidly becoming something of a misnomer, at least as far as the steel industry is concerned.

To-day, there can be few, if any, *significant* companies active in sectors within stockholding where processing is possible who are merely carrying out a merchanting and warehousing operation, as their name suggests. What, rather, they are doing by and large is some elementary—and nowadays not so elementary—processing work on the steel they handle so that what the customer gets is something quite different from what the steelmill delivered to the stockist.

Merchants

The pattern that has developed is on the lines of that well-established in the U.S., but it is not one that has been followed on the Continent where stockholders, often tied to steelmills (especially in France and West Germany), tend basically to be merchants rather than processors. It is in the U.S. and Britain rather than the Continent that the steel service centre, stockholder-run, has developed.

Behind this phenomenon lies, among other factors, the price structure of the nationalised British Steel Corporation, under which there has, in effect, been a substantial premium on steels supplied in sheet form rather than the coils in which such steels are originally produced. This is obvious economic sense for the producer, concerned to shift steel out of the mills in as economical loads and types as possible, without having to carry out a large amount of different types of finishing work to meet the needs of a variety of end-users.

By the same token, it makes more sense for the stockist to buy his *material* in as standardised a form as possible. At the same time, the ultimate customer has a clear interest in receiving his steel as close to the form in which it will finally be employed as he can get it. Obviously, it is helpful all round if the material is more than merely handled by the stockist in between the time when it leaves the steelmill and the time it is delivered to the end user.

It is de-coiling which is the most basic of the extra services offered by stockists, and this is an activity capacity for which has been growing rapidly in recent years, both in terms of the tonnages handled and so far as the thicknesses of plate which can be dealt with are concerned too. Overall, it is estimated, there are some 100 coil cut-up and slitting lines at stockists around the country, and stockholders supply over a third of all sheet steel delivered in the U.K.

But de-coiling is far from the end of the story. Among the most widespread of the other forms of steel processing to be found at stockists are the cutting to length of heavy bars and sections, repetition cutting, and shearing and profiling of both sheet and plate. These can mean the customer being supplied with very accurate finishing blanks, so that he is saved from having to undertake yet further processing of the standard steel sheets himself—and, therefore, possibly saved too from having to invest in inevitably expensive equipment to do so.

On top of this, more and more stockists are also offering *simple engineering operations* of a type which would previously have been carried out by the customer. On the general steels side, in particular, this is something which seems certain to see accelerating growth, at least once the market picks up again.

The strip mills and flat products sector, however, has, arguably, seen a good deal too much growth already. The installation of a significant amount of the *de-coiling* equipment operated by stockholders stems from BSC warnings in 1968 that stockholders were not equipped to handle all the steel it was the Corporation's intention to distribute via stockists. The big increase in tonnage envisaged was subsequently encouraged by the prices structure which put a premium on steel *supplied direct from the mill in* sheet form.

De-coiling

But the result was an over-stimulation of too little co-ordinated investment—too many separate companies got the same message and answered it *in the same* way. This, it is estimated, resulted in the current de-coiling capacity of stockists, assuming three-shift working of around 6½m. tonnes a year, with a slitting capacity estimated at over 3m. tonnes. And these figures are a great deal higher than demand. Mr. C. L. Keeler of BSC's stockholding division gave *a full dimension* to the problem recently when he pointed out that the flat rolled processing/stockholding industry was capable of processing around two and a half times the BSC strip mills' total U.K. deliveries. This overcapacity was, of course, one of the major reasons why BSC *itself chose to become a major* force in stockholding by the acquisition of existing companies rather than by building its own facilities.

What it means, more generally, is that the move to extend processing gains yet more impetus, especially with a currently declining market for steel, as competition between stockists hots up. At the same time, the situation is bound to provide a further motive for mergers within the industry, of which there have been quite a few in recent years with GKN's takeover of Miles Druce perhaps the most spectacular, if only for the long, drawn-out battle which preceded it and which involved the European Commission in one of its first major interventions in British industrial affairs.

The implication has to be, too, that those companies which are still pure merchanting operations, without any processing functions, will not now move into processing. This does not mean that they will eventually cease to exist altogether: the place of the smaller, specialist and localised stockist seems assured. Rather, what has been happening is that the smaller stockholders have been using the processing equipment of their larger competitors. In effect, there has come, and in something more than mere embryo, the two-tier structure that many in the industry have long seen as being both desirable and *inevitable. What this means is a* set-up in which large stockists buy, in vast quantities, direct from the steel mills, process the material to tailor it to users' needs, and then sell it both to large individual end-user customers and to lesser stockists to sell in their turn in smaller lots.

Whether this two-tier structure is something that will eventually spread to Continental Europe is something that remains to be seen; what is certain is that the service centre concept is making headway there now as well, particularly, as *far* as flat products are concerned, in Italy and, after that, France. But Continental mills, unlike BSC, still supply cut sheets and slit coils to the final users on a large scale, even if the orders may be received by stockists (often mill subsidiaries) and channelled by them through to the steel producer.

None the less, the service centre is no longer unknown in Continental Europe, and British stockholders' activities there, if nothing else, are certain to make it more important. For the economic pressures are much the same as in Britain. The answers to them are likely to be much the same as well.

David Walker

Youngsters at the training centre of F. J. Edwards

Training

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participants, especially to those not covered by any form of "in-house" training.

The Development and Education Committee is responsible also for week-long courses for stockholding personnel held annually at Warwick University School of Business Studies, the head of which, Professor J. D. Waterworth, has developed a close relationship with the stockholding industry. He was a director of Gardner Steel for a time and remains a consultant to that company.

The basic principles of professional management are, of course, common to most industries. Derek Waterworth and his colleagues of the university tutorial staff seek to cover the subject of a course thoroughly before, towards the end of the week, introducing delegates to *techniques, all of which can be* applied in day-to-day working, bringing early benefit to the man and his employers.

After six years, the Warwick University courses are firmly established. While they are primarily intended for those with a few years' experience in stockholding, both the raw recruit and the senior executive stand to benefit from them.

Processing in the modern steel service centre covers an increasingly wide range of operations, most of which demand a *high degree of skill*—and, therefore, training. With a reputation for high-quality work and excellent delivery, the processing division of Macreadys at Rugby is a showpiece of the industry.

Processing

Nine years ago, Macreadys' processing was carried out in a single bay of 6,300 square feet. The work is now spread over an area of 12,000 square feet—an indication of the growth of processing at service centres generally.

Operators of decoil, cut-to-*length, and slitting lines need* to be trained. So, too, do those performing guillotining, cold sawing, shotblasting, profile cutting, plasma arc profiling, among other services now offered by many stockholders.

Mr. Roy Hipkins, director in charge of Macreadys' Rugby works, takes on untrained people and gives them every chance to become skilled operators. He also engages operators who have been fully trained elsewhere. The work offers variety: the operators have at their disposal the right equipment for whatever task they have to perform. A profiler, for example, may do a one-off job for a special or prototype application; more often, however, he will be involved in a production run of thousands.

Stockholders are turning increasingly to technical institutes and colleges in their search for trained machine operators. Young men who have been instructed on a range of modern equipment by experienced tutors can take their place in a service centre team and contribute in full measure to production without delay.

Many training units, not only in the U.K. but worldwide, have specialist equipment supplied by The 600 Group, which, as one of Britain's largest manufacturers of machine tools and sheet-metal working machinery, numbers among its 18 subsidiaries such world-famous names as Colchester centre lathes, F. J. Edwards' plate-working machines, and T. S. Harrison and Sons' range of centre lathes and milling machines.

The fact that the equipment incorporates many safety features makes it eminently suitable for training purposes.

Schools

A range of Edwards' guillotines has, in fact, recently been designed and developed with training requirements in mind. Called the Edward-Minishear, the range includes two models, *with capacities of* 1,250 mm. x 1.6 mm. (16BG) and 2,000 mm. x 1.25 mm. (18BG). These motor-driven guillotines are suitable for both production and training purposes. Price-wise, they are well within the budgets of most *schools*, colleges, and technical training centres.

The "600" companies have large training centres of their own where first-year apprentices are taught general workshop practice before going on to module training to meet Engineering Industry Training Board standards.

T. S. Harrison's training centre at *Heckmondwike*, Yorkshire, was opened last December, although apprentice training has been carried out at the works for several years. The 4,250 sq. ft. training area can accommodate 24 boys for each 48-week course in general workshop practice.

Some of the mechanical handling specialist companies offer training facilities to their customers' lift-truck drivers, maintenance engineers, etc. LancerBoss, a leader in the field, has this month announced details of training courses for users of its machines. Instruction is given either on the *customers' premises—by mobile* training units—or at the £50,000 training centre at the Leighton Buzzard headquarters of LancerBoss.

A final word from Mr. Stephen Druce: "It is at times like the present—in particular in a stockholder sector flat on its back in terms of demand—when the calibre of the people shows and this, in turn, is directly proportioned to how well a company performs. The need for training at all levels has never been more urgent."

Philip Carden
Editor, Steel Times

EEC transport regulations bring mixed blessings

THE COMMON Market referendum may have provided the opportunity for "a Great Debate." But it is something those responsible for transport operations within the steel stockholding industry could happily have done without.

Membership of the European Economic Community implies moves towards harmonisation of traffic regulations: some which stockholders would welcome—such as the raising of the maximum weight of lorries to 40 tonnes; and some which mean higher costs—such as new restrictions on drivers' hours and the fitting in cabs of tachographs which automatically record the distance travelled, speed and driving time.

Whether and when such regulations might come into force would pose enough questions for transport operators without the principal additional uncertainty of Britain's continued membership of the Community.

The importance of road transport to the steel stockholder cannot be overstated. While the British Steel Corporation is second only to the National Coal Board in making use of railways, stockholders are dependent almost wholly upon the lorry for deliveries.

Rail does play a role in transhipping steel to the stockholder's warehouse but products are usually collected from the railhead by trucks. Certainly for his own distribution purposes the stockholder is almost 100 per cent. reliant upon road transport even though under the Railways Act, 1974, it is now possible to obtain grants for the setting up of facilities for the loading or unloading of freight.

Distribution is predominantly short haul with the average stockholder running a regular delivery system with perhaps as many as six stops on the way. The principal problem currently confronting transport operators is how to keep down unit delivery costs when confronted with a fall in loads.

Outward traffic from stockholders dropped from 4.19m. tons in 1973 to 3.55m. tons last year and the National Association of Steel Stockholders gives a clear warning in its annual report that the future outlook for trade is bleak.

To cushion themselves against the sort of downturn in trade which has hit the industry over the past 12 months, most stockholders supplement their own lorry fleets with hired vehicles. In normal times the ratio of self-owned to hired trucks may vary from 50:50 to 70:30. The cutting back of contract services by stockholders has been typical of similar action taken by other industries throughout the national economy and has led to widespread closures and redundancies by general road haulage operators.

Many stockholders are already or will shortly be faced with the situation where they must reassess the size of their own fleets. While some stockholders have followed a policy of natural wastage through retirement or resignations to allow their transport sections to run down, great emphasis is placed upon the value of experienced drivers and there is a reluctance to allow the process to go too far. Indeed, some stockholders have already taken the decision to carry the cost of operating transport fleets at below full capacity so that they will be well placed for any future upturn in trade.

Sophisticated

Given the pressure on costs, transport has become an important area for management to introduce sophisticated control systems. While the industry has managed to adjust to higher fuel prices, wages form an important element in overall costs and have continued upward. Stockholders also cite as inflationary local authority rates, vehicle repair and maintenance charges, and even the Chancellor of the Exchequer's recent increase of around one third in the price of road fund licences.

But the same pace of inflation which hits the stockholder limits the resources of both local and central government; this may have the effect in the debate which has raged about the impact of "the juggernaut" upon the environment of tilting the balance back in favour of the transport operator.

The transport lobby has pressed the importance to the national economy of efficient distribution, and shortage of cash is likely to curtail somewhat ambitious plans to create a national network of heavy lorry routes.

While transport operators will suffer from any cutback in new road building they may take comfort from the inability of some local authorities to finance costly traffic control schemes. Under the Heavy Commercial Vehicles (Control and Regulations) Act 1973, local authorities are required to complete plans by January 1977 for the control of heavy lorries. But the financial problems facing local government will make it increasingly difficult to introduce special routes.

However, in its campaign to stress the importance of holding down distribution costs, the road haulage industry is placing most emphasis upon what it sees as the need to increase the maximum weight of vehicles.

The European Commission has proposed that all Community countries adopt a uniform set of regulations setting the maximum weight of lorries at 40 tonnes, with an axle weight of 11 tonnes and lengths of 18 metres maximum for a truck and trailer and 15.5 metres for an articulated lorry. This would compare with the present British maximum weight of 32 tons and axle weights of 10 tons.

Economies

The operating costs of a 38-tonne lorry would be more than 13 per cent. cheaper than those of a 32 tonner, according to Mr. K. A. Hatcher, chairman of the Road Haulage Association. "The Government cannot afford to ignore the possibility of economies on this scale just to satisfy ill-informed critics of road transport," he maintains.

The argument applies particularly forcibly to steel stockholders who have to handle extremely bulky and heavy loads. The short haul nature of the work means that off-loading and on-loading is taking place regularly and great attention has to be paid to changes in axle weights.

While transport operators are pressing the British Government to accept the EEC weight regulations, they are likely, in the event of continued membership of the Community, to urge delay in implementing regulations governing drivers' hours and tachographs.

Both measures are scheduled to come into effect from January 1, next year and will allow very little time after the referendum for the necessary preparation.

The restrictions on hours will in general apply to all goods vehicles of more than 3½ metric tons gross and will be superimposed on existing regulations. Considerable reshuffling of operating and drivers schedules is anticipated, and the change-over is likely to give another upward twist to wage costs.

The tachograph, in addition to the time and cost involved in its fitting, is likely to meet the continued opposition of the Transport and General Workers Union. Not only the authority of the law but also a considerable financial inducement may be necessary to ease its introduction.

Clearly then the next 12 months will involve important decisions for the transport sector of the steel stockholding industry. For the immediate future judgments will have to be made about the outlook for trade and the size of fleets necessary to meet it. Beyond that plans will have to be initiated for operations in the likely event that Britain expresses its commitment to continued membership of the EEC.

Arthur Smith

Trend towards metrication

PROBABLY the most significant aspect of the recent announcement by U.S. Steel Corporation that it is making available, in metric sizes, a range of bar wire, sheet and rod is that the move had been decided "in response to a substantial number of inquiries from customers who are or who have been designing metric dimensioned products."

U.S. Steel is the first American group to take the step and, in the current U.S. economic climate, its peers will undoubtedly follow suit as soon as they can.

The products of this vast company are handled internationally by USS Western Hemisphere Inc. and U.S. Steel International Inc. and the metric lines now to go out will be in general conformity with ANSI B32.3 and B32.4 for preferred metric sizes of the above products.

Many U.S. manufacturers were involved in the specifications and the experience of metric countries was also studied.

Bar stock offered ranges from 13 to 240 mm and plate from 5 to 160 mm. It is not appropriate here to give a longer list but it must nevertheless be said that it is extremely comprehensive and can hardly make attractive reading to producers and holders in France and Germany who are suffering from the same depressed demand as their British counterparts.

In this light the recent delay in further U.K. metrication moves is all the more deplorable.

Lists of metric sizes of special bars and flats were put out by BISPA last November and the original plans would have brought in the change over from Imperial to metric on April 1, this year. But the British Steel Corporation—whose last published annual report makes no mention of the thorny topic—caused the introduction to be deferred as BSC wanted to have another look at carbon steel sizes.

Meanwhile, hot finished stainless, tool and high speed bars will be made by U.K. producers as from October 1, this year.

Transition

With demand for some products at frighteningly low levels, it is hardly surprising that many industry sources would not be averse to a great slow-down in the metrication process. But it is too late to hesitate. If major competitors are taking the plunge in a big way, the U.K. must press on in the hope that the predicted trade revival of 1976 will indeed take place and the extra cost of the transition will have to be borne willy-nilly.

Perhaps now more than ever before, with prices of raw materials, energy to drive machinery and wages escalating daily, stockholders should look at improved methods of handling orders and cutting products against such orders.

Relatively simple automatic equipment can be used to solve the once intractable problem of minimal wastage of flat stock—the old pattern-cutting problem in effect.

Some bureau operators can supply a service of this type over telephone lines, and while this service is not directly connected with metrication per se, other services are available to help control stocks and predict demand trends so as to cut down holdings to an absolute minimum.

At a time when interest rates are still extremely high, such possibilities are worth exploring. In fact there are a number of programmes available through bureaux which can help to forecast trends, carry out DCF operations and—in general—help management to decide on the best and lowest-cost way of phasing in new products in the face of difficult market conditions.

Possibly some people will say that harnessing advanced techniques is a waste of time with current inflation and slack ordering.

Fortunately, not everyone takes a defeatist attitude in spite of the difficulties the stockholders have faced these past two years and the fact that some "preferred sizes" developed by NASS have not always been the ones to be used.

Two examples of determined optimism are presented by

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Part of Alloy and Metal's London warehouse

Blanking line in the Bore processing centre capable of handling sheet steel at 200 feet per second

Few orders likely from builders

Only the eternal optimist among the steel stockholding fraternity would imagine that the amount of business he conducts with customers in the construction sector is set for any form of expansion in the reasonably near future.

His sights must inevitably be set further into the future, for just about everyone is agreed that the building industry and all its associated trades and operations are pushing stubbornly but slowly on through a depression which ranks alongside any of the many which have hit the construction sector in recent years. Neither are there any grounds for imagining that the situation is going to alter radically in the next few months, with forecasts all pointing to continuingly poor output levels in almost every sector of the building industry and little more than wishful thinking to support theories about another imminent period of expansion.

But despite the current position in which all building work is thought to be running at something in the region of 15-20 per cent. down on two years ago, the outlook does give cause for some longer-term optimism. The constructional steelwork sector, in particular, is even now enjoying a reasonably buoyant trading position with increasing activity levels in North Sea oil and gas exploration programmes, rising investment in process plant and, by no means least of all, in the steel industry itself where a massive capital expenditure programme is under way.

It is not, of course, only constructional steel which finds a major market for itself in the building industry and of the estimated 3m. tonnes of steel which each year are consumed by the construction sector, just about one-third is used structurally with the remainder spread over a wide range of applications.

On the structural side, much of which is actually supplied direct by the manufacturer, the most important traditional markets have been industrial and commercial building programmes, bridges, power stations, transmission towers, educational and hospital buildings, flats, hotels and recreational centres.

None of these categories can claim to have escaped the general building recession and for the steel manufacturer and supplier the position to-day stands in direct contrast to the situation which lasted for nearly two-and-a-half years up until the beginning of 1974, during which the problem of meeting demand rather than finding customers was the major priority. But new markets have been emerging, especially in the oil and gas exploration field, although there has been considerable growth in such fields as nuclear power station construction, airport developments and defence installations. But with the exception of North Sea work, even these areas offer no substantial expansion at the present time.

Promotion

Faced with such a generally depressing situation, the steel manufacturers have begun to turn to an ambitious export promotion programme which it is hoped will help offset the current downturn in demand at home. This course of action is not, however, likely to provide much comfort for the stockholder who is faced with declining U.K. sales and can play little, if any, part in the overseas sales push. He has little choice but to maximise every business opportunity which arises among his building sector clients and at the same time patiently wait for the next, improved, phase of the construction cycle.

What goes for the structural steel market is, quite naturally, also a pretty fair reflection of the position which prevails for the stockholder who is supplying the range of steels incorporated in the wider building process. It is in this area that he is feeling the worst effects of the present recession, with demand for his products substantially down in many areas and with little prospects of an early revival.

All the major markets open to him are well down when compared with output levels of two or three years ago and it is the way in which the current downturn has bitten deep into every area of the construction world that has made it so damaging.

At the "lighter" end of the steel supply market, housing activity is particularly depressed, with builders still extremely reluctant to begin new developments while large numbers of unsold homes remain on their books. Material suppliers generally have all reported substantial reductions in demand over the past 18 months, with the drop in private housing work a major cause for the alarming situation. While there are some hopes that the situation has now bottomed out, few people anticipate a revival of the proportions which will restore the housing programme to an acceptable level, certainly not within the next 12 to 18 months.

But while the plight of the housing sector has attracted most attention, output and prospects elsewhere have been no better. With massive cuts in local authority expenditure and long overdue but inevitable development in the coming months, an already stagnating construction programme in this field seems set to deteriorate further. Orders at the beginning of this year for public works contracts were extremely poor and an overall fall of 8 per cent. in work levels during 1975 is now widely expected, following hard on the heels of a 10 per cent. drop in 1974.

If the stockholder imagines that the more important commercial and industrial building sectors are going to offer better opportunities for increased business, he will again be disappointed.

Commercial

In the private commercial field, the outlook this year is also very poor, with most pundits anticipating a drop in output of around 10 per cent. this year and a fall of anything up to 20 per cent. in the following 12 months.

A steep downturn in private industrial output is also expected, contrary to earlier expectations that this would represent one of the few growth areas for builders and their suppliers in the year ahead. In what must be one of the clearest indications yet of industry's reluctance to invest in the current economic climate, the consensus appears to be that building work for private sector clients will fall this year by between 8 per cent. and 10 per cent. and that a further drop of between 5 per cent. and 8 per cent. could easily be recorded in 1976.

So, taken together with the substantial reductions in capital expenditure programmes being implemented by some of the country's nationalised undertakings, the overall outlook for the material supplier anxious to create sales out of a badly under-utilised construction industry is extremely depressing, for the time being at least.

The current recession, because of its length and all-embracing nature, has clearly had a serious impact on some stockholding businesses, though as always the more widely-based operation has so far managed to weather the storm better than most. For the time being there is little real evidence to suggest that the worst is behind the stockholder as far as building industry sales are concerned but if there is any comfort to be derived from the present situation it is that some people are anticipating a marked upturn in general construction activity in 1977. The trouble is, when a business has waited for the best part of two years, another two seems a very long time.

Michael Cassell

Metrication

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Bridle and Cross and Barrow Hope (TI).

Bridle and Cross now has an extensive range of products in metric, plus a number of dimensions in sheets and plates which, while not preferred sizes, nevertheless are found by the company still to be in constant demand.

It is providing a high-accuracy shearing service which supplies blanks in sheets of various types including Colorcoat and should help customers to cut down on unnecessary stock holding which ties up scarce capital.

Barrow Hope is in the middle of a massive programme to expand both the Chadderton warehouse and to replace the existing Oldbury centre with a new £1½m. facility at Wednesfield.

Chadderton has been provided with a Schuler plate cut-to-length line able to tackle 20-tonne coils and process plate up to 12.4 mm thick to a high degree of flatness, the shear cutting to a repeatable tolerance of ±6 mm. Average operating speed is 13m per minute.

Barrow Hope is supplied by BSC and its approach to metrication is largely conditioned by the pace set by that body. But it is not the only stockholder in the TI empire: there is a major activity within the Steel Tube Division and, by and large its attitude is that customers can continue as at any time in the past. If they want a metric size pipe, it is quite simple to obtain and supply it.

The April merger between Markland Scowcroft and England Tubes to form Markland England, and the close association of TI in Holland with Tistim, jointly owned with Intermetaal NV, also is a great help in dealing with metric contracts.

But as matters stand at the moment, Tistim and all the TI outlets in Europe are carrying stocks to two international standards, one American (ASMTS) (which is general to the U.S., Europe and the U.K.) and the other ISO. In effect, the U.S. standard is Imperial and is unlikely to change till the U.S. goes metric, whenever that may be.

ISO stock has been built up over quite a long period of time. Still, it is the designers and specifiers of the large pipework jobs who call the tune—they are still mainly big American groups or European subsidiaries thereof and thus the older specification continues to survive healthily.

Ted Schoeters

Trends for the future

IT IS difficult for people in this industry, finding themselves in the almost unheard of situation of a downturn in a period of supply shortages, to ignore the current economic situation. But if steel stockholders look through present troubles at the trends that will dictate their future prospects, the picture they see is encouraging.

Future trends, because of a number of factors, appear to indicate that current moves in the steel industry generally will tend to favour their operations in the future, and they can look to a larger share of the market.

Potential

Traditionally, for instance, the U.S. steel stockholders have led the world in terms of processing capacity, but now the U.K. has caught up, if not overtaken, the Americans. Last year's annual report of the National Association of Steel Stockholders indicated that the U.K. industry had a decoiling potential.

This is an area in which the stockholders of Continental Europe lag far behind. In the U.K. there are many stockholders' warehouses in which batteries of decoiling and slitting machines can be seen operating. On the Continent one can go to stockholders who will proudly show a single decoiling line, and regard it as their pride and joy.

The British stockholders have a tradition in seeing processing as an essential part of their function, and the trend to increased processing capacity seems likely to continue. One of the reasons for the difference in this respect between the British and the Continental stockholder concerns the price structure. In the rest of Europe the margins between mill, stockholder and user are narrow.

This emphasis on processing, enables the British stockholder to shout about his ability to cut to the user's exact requirements and supply when and where required, cutting out on expensive wastage at the same time.

This ability to provide the user with steel he can put into a production line straight away is one of the reasons why nearly 50 per cent. of Britain's steel production is handled by stockholders. The mills cannot give this kind of service direct to the user.

Having reached this happy situation, where do the stockholders go from here? One development that is seen as the logical next step by many in the industry is some form of two-tier structure. One of the central factors in this argument is that the new steel mills being commissioned will be geared to larger orders involving longer and longer runs. It is obviously more economic to deal in large quantities. The problem for the steel mills is to keep these long runs going while the product moves out into the market at a good pace. Too much downtime on stoppages to change rolls cannot be tolerated.

If that sounds like an argument for even more steel to go to the stockholders, it is also, some would say, an argument for a two-tier system of steel distribution.

Network

The idea is that big stockholders take the large quantities of steel direct from the mills, and subsequently deliver to the small stockholders. Some of the big stockholders are already operating along these lines, either with one or two warehouses strategically placed to give national coverage, or through a network of warehouses spread around the country.

That is a two-tier structure that depends on high output from the mills, physical capacity in the warehouses, and geography of distribution. Another form of two-tier structure is one that draws its line between the processing stockholder and the traditional stockholder who does not have decoiling or slitting equipment.

However nothing as rigid as, for instance, the German system is envisaged. In Germany there are Class A and Class B stockholders. Class A operators can buy from the mills, while Class B stockholders must, by law, buy from Class A stockholders. In this way the Class A firms operate as merchants handling a very large tonnage and just taking a handling charge. In the U.K., the steel that comes to a stockholder becomes his property until it goes out again. A situation in which economic necessity might bring the German system here can be visualised, but a scheme like this is thought unlikely to become the subject of legislation.

Just how far the two-tier idea will penetrate is open to question, but there seems little doubt that the new mills with their longer runs will favour the stockholders however they are organised. It seems clear that more and more stockholders will offer an across-the-board service while the mills tend to specialise. There are still a large number of consumers who do not know very far ahead what they are going to be making. If they want to change their order at short notice, they will hit problems without a flexible stockholder.

Deadened

For this kind of reason the stockholders will undoubtedly continue to broaden their ranges, and take close interest in new developments like deadened steel that is geared to reduce noise levels in press operations, for instance, and comply with new health and safety regulations, and rigidised steel that is cheap because it uses less material, and yet retains its strength. Similarly, there are stockholders in the U.K. who can decoil, flatten and cut material 5-8 inches thick, and that is an unusual capability not found elsewhere in Europe.

One factor affecting the future that might have seemed a threat to the stockholders was the announcement of BSC's intention to enter the market. As it has turned out, however, BSC has approached its stockholding activity in what the National Association of Steel Stockholders regards as "a logical and sensible manner." The activity is geared to operate at arm's length from the parent, and is free to purchase from other sources, with no in-built advantages in terms of BSC supplies.

If public declarations on this new venture are adhered to, then the steel stockholders will not worry. They will see it as logical for BSC to want a stake in a growing market. BSC cannot take more than 15 per cent. of it anyway.

In the context of a wider European community the effects on the steel industry are already being felt and more steel than before came into the U.K. during 1974—partly because of the poor performance of BSC, it should be said. Nevertheless, the source of supply has been significantly widened, and users have some insurance they did not have before.

Education

More generally, in terms of future trends, the steel stockholders are taking an increasing interest in the areas of management education and various aspects of their organisation. Reports have been commissioned on various aspects of the business and there have been more and more representatives from the industry going on specialist courses, and the like.

In terms of self-examination, one of the areas being closely studied is the cyclical nature of the business and the problems this brings. The industry can better accept its cycles if it can answer questions like: When is the downturn going to start, and how far are we going down? And it is equally important to know the same things about the upturns.

The present economic situation is outside this normal cyclical pattern and must be assumed to be temporary. Given that assumption, projections of future trends give the steel stockholders grounds for confidence.

Hugh Colver

Moves towards specialisation

NO INDUSTRY can stand still—and certainly not stockholding. Operating as it does as a buffer between the steel producer and the user, it is under constant pressure to improve the range of its services. This, in turn, has led to the development of companies, or company divisions, which have moved into highly specialised processing areas.

Relatively simple processes, such as the decoiling, slitting and blanking of sheet steel and the accurate sawing of bar, tube and sections is already fairly commonplace, of course.

There are now well over 100 coil cut up and slitting lines in stockholders' premises. Decoiling capacity in the industry is over 6m. tonnes and slitting capacity is over 3m. tonnes a year—an excess of capacity over sheet steel production, in fact.

Nevertheless, over the last year stockholders have invested in further equipment, particularly machines capable of working thicker sheet up to five-eighths of an inch thick. It is even possible that cold rolling capacity will be made available.

Another sophisticated piece of equipment which is becoming more common is plasmajet cutting. This technique, which can cut a range of different profile shapes in plates up to four inches thick, offers the advantage that the edge of the cut component is not burned or discoloured.

Only the larger groups can offer this sort of specialised service and then probably only at centralised locations, however. This, in turn, brings pressure for the extension of the two-tier stockholding pattern, with the smaller companies using the specialist processing facilities of their larger competitors on an increasing scale.

GKN Steelstock has suggested that in the future the stockist will really have only three possibilities:

The first is to move back towards the maker by taking over more of his operation. The second is to move forward towards the user and provide more material in a prepared state, thus adding more value to the material and saving the customer several operations before he can use the steel he has bought.

Domestic

The third possibility is a change in the pricing policy by the domestic steel suppliers, confirming the tendency for them to reduce still further the number of small quantities and orders they are prepared to handle as more emphasis is placed on longer production runs.

GKN Steelstocks' feeling is that there is likely to be a significant movement in the direction of the second and third possibilities, but not the first.

"This movement will increase the tonnage handled by, the investment by, the importance of and the need to understand the role of the steel stockholder."

It will also, of course, increase the workload which is placed on the specialist stockholding business. For many user companies the cost of installing all the equipment needed to process the various types of steel required to meet the multiplicity of his own requirements will become prohibitive.

Again, if more use is to be made of the sophisticated programmed cutting techniques and automated stock handling and retrieval methods now available this, too, will militate in favour of larger specialist groups.

Even a small data processing installation can make a considerable amount of difference to the time taken to fill a particular order, through the better control of cutting operations and stock location.

More sophisticated routines are available as the value of the material handled rises. These provide optimum location of shapes to be cut in sheet material in order to avoid excessive wastage and minimum cutting operations.

Although apparently simple, these problems have required a great deal of mathematical and computing ingenuity to solve and could require a medium-sized installation to apply.

Mr. P. F. Kitson, managing director of the BSC-owned Lye Spencer Steel Services, discussed this trend towards specialisation and new technology recently.

Technical

He said that Lye Spencer would continually develop its technical services department, which deals with all aspects of quality control and technical advance. At the moment it is in the process of commissioning a new laboratory, with the installation of the latest testing equipment.

Apart from offering a widening range of specialist processing services, there is also a movement by the stockholding industry to specialise in the supply of particular steels, especially stainless steel material.

Because the U.K. has become a net importer of stainless steel, there has been a tendency for overseas manufacturers to establish their own outlets in the U.K., either through specialist agency arrangements or, as in the case of Sandvik U.K., the British offshoot of the Swedish group, more directly.

In a sense it is transforming itself into a main stockist and, in its attempt to provide a total service, it is buying in products not made by the Sandvik parent and also establishing its own manufacturing base in the U.K.

It is easy to see, therefore, that the pressure towards specialisation will continue. Nevertheless, and this must be emphasised, stockholders will have to remain aware that one of the real strengths of the stockholding industry since the war has been the way that it has been able to react quickly to the requirements of its customers.

Harold Bolter

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BY JOE ROGALY

Where the squeeze must not hurt

THE SEARCH for cuts in public expenditure is on. "The party's over," says Mr. Anthony Crosland, whose particular clients, the local authorities, have by and large shown themselves unable to perceive that in *times of stress a cut in expenditure means that you must spend less.* There may be fewer jobs for teachers next year, warns Mr. Reginald Prentice, *whose particular clients,* the schools and universities, have enjoyed a long run of most-favoured-department treatment by the Treasury. There can be little increase in spending on the personal social services, states Mrs. Barbara Castle, in a pronouncement made very early on in the game—last November.

The trouble is that anyone with a memory longer than that of a two-year-old child will have great difficulty in believing a word of it. The cuts always seem to be in plans for next year, based on some allowance for inflation, divided by some *number or other that interested* departments can produce to show that a certain amount of real growth is absolutely essential, and discounted by a constantly-changing notion of just how much should in fact be pruned.

Yet the need to cut spending *in cash terms* is now so urgent that everyone who advocates such a course is more or less obliged to think the matter *through in detail. It is no good* saying "slash food subsidies for a start, and *then* go on to search for all those layabouts living on the welfare state"; *what is necessary* is an analysis of the efficacy of food subsidies and an indication of whether or *not* there are quite as many *scroungers living on welfare as* some people seem to imagine. If the Treasury will not work out *and publish the information on* which sensible choices could be based then its critics will have to see what their own pencils and pocket calculators can produce.

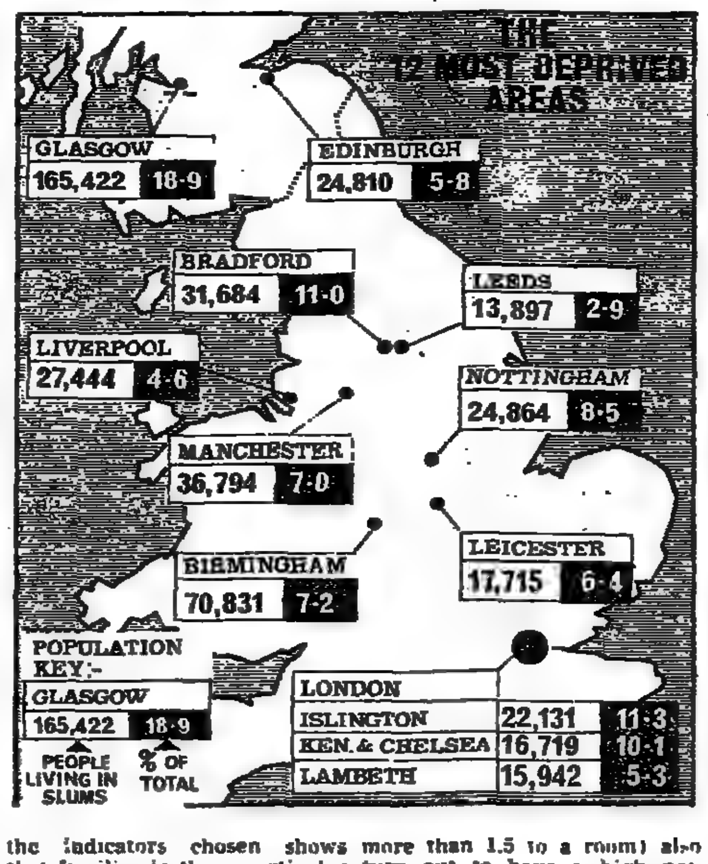
The first step in such a process must be a recognition of the genuine hardship in which some people live. It is pointless to tell local authorities to spend less without at the same time acknowledging that at least some of their expenditure is justified *on plain humanitarian grounds,* although it is equally frustrating when local authorities try to justify all of their profligacy by pleading that a great many people are poor—or, as they say nowadays, "deprived."

Assessment

What is needed, in this costly area of public expenditure, is an assessment of how many people are in fact "deprived"—and, better still, a map showing where they can be found. We live in hard times, and most people on incomes above *those of average workers in* powerful trade unions are feeling worse off—but the condition of the country is not yet quite so bad that it could reasonably betray all its best instincts by letting public expenditure cuts fall on the families who live in its worst slums.

Even if you leave morality on one side and look at the matter purely as one of political expediency, it is evident from past experience that public spending curbs that can be shown to be hitting hardest lonely old women and underfed children in large families will *be short-lived. For such mean*ness provides the best ammunition for those who campaign *against all reductions in social* expenditure, however sensible. The Conservatives discovered this when they tried to increase rents, the cost of school meals, *milk and prescriptions, all at* once: the Labour Government, which seems about to impose burdens on the less well-off that could leave many of them longing for the good old days of Selsdon Conservatism, should take this lesson to heart.

For all these reasons it is best to *clear the decks for a discussion of real* cuts in public expenditure by firstly setting out some of the evidence upon which a programme for sheltering the worst-off could be based. There is plenty of evidence to be found; one of the most useful of such documents to come out of Whitehall is entitled "Census Indicators of Urban Deprivation—Working Note No. 6." Its author is Miss Sally Holtermann, an economic adviser in the *Department of the Environment*—and the accompanying map is derived from one of its tables.



The map is evidence of the *caution with which such tables* should be approached. Its basis is a list of local authority areas that contain ten or more districts in which chosen indicators of "deprivation" show a "worst 15 per cent." on certain criteria. These criteria are overcrowding, a lack of exclusive use of basic amenities (hot water, fixed bath and inside lavatory), and male unemployment. It is likely that in most cases many households will be "worst off" on all three criteria simultaneously, but this is not directly demonstrable from the available figures.

Again, the *fact* that one of the indicators chosen shows that families in these particular slums must share the use of bathrooms more or less rules out areas in which there is a high proportion of council housing. A map based on a *slightly different computer pro*gramme would show slightly different areas and numbers of worst-off families. This does not mean that there are no slums based on or surrounding council estates: on the contrary areas that are bad on unemployment and overcrowding (that *is people living at a density of* more than 1.5 to a room) also turn out to have a high proportion of local authority accommodation. It is rather that some councils preside over a *type of slum that is different* from the type in which people live in *decaying privately-*rented houses or flats.

These complexities may help to give an idea of just how detailed is the information available from census printouts. The average "enumeration district" for census purposes has 470 inhabitants. *This study has collated informa*tion on 87,578 such districts in urban areas out of the some *120,000 in Great Britain.* As a result it can pinpoint more or less to the very block the parts of cities in which our poorest people are likely to be found, provided only that the definition of "poorest" is restricted to the fairly narrow range of questions asked by census takers.

If anyone is wondering at this stage whether the whole exercise is out of date because the census figures were taken in April 1971, the answer is that *of course in some areas housing* will have been improved while in all districts the level of unemployment will be related to the national level—even though unemployment always *increases by a disproportionate* amount in the poorest parts of cities. On the other hand a print-out for Liverpool, say, *or* for Birmingham is very easily checked against the known recent public works of the councils in those cities: thus discounted, the guidelines would surely remain valid to-day.

One reason why the *information thus provided might be* taken less seriously in Whitehall than it should be is that the overriding impression of Miss Holtermann's report is that the worst-off are very largely in Scotland and for that matter mostly on Clydeside. The figures are remarkable: of *the 121 very worst districts in* Britain, *suffering from a multiplicity of the severest forms of* slum living, no fewer than 113 of them are in the Clydeside area.

Of the 878 districts in Britain where at least 24 per cent. of men were out of work at the time of the census, no fewer than 42 per cent. were on Clydeside. There is every reason to *believe that this particular dis*proportion is getting worse as unemployment increases. More than a third of the districts in which 93 per cent. of households *lack* exclusive use of hot water and lavatories are on Clydeside: on similar calculations Clydeside has three-quarters of the districts with the worst overcrowding. The management of the area has been in the hands of the Labour Party for 40 years.

Untouched

It is all too easy for a London-based Government to set such a report on one side with the comment that the new Strathclyde local authority, or the new Scottish Development Agency might do the job—and leave it at that. Sadly, all previous reactions of this kind have left Glasgow untouched: it has continued to rot. What is *more, the report is not about* Scotland alone: it shows, for instance, that inner London has almost as many households living in severely overcrowded conditions as Clydeside (53,580 down here, 58,420 up there). It is true that on the definitions chosen for the map, 18.9 per cent. of Glasgow's people are in slums—but then 11.3 per cent. *of the inhabitants of* Islington and 11 per cent. of the people of Bradford are just about as *badly off.*

It would be convenient for those seeking areas in which public expenditure can be cut if you could say "very well, then, these are the streets and blocks to be dealt with—help them and leave the rest alone." We already have the makings of such a policy, in the shape of "educational priority areas," "housing action areas" and "comprehensive community programmes." Unfortunately the task is not quite so easy as that. If you poured everything into the 15 per cent. of "enumeration districts" registering worst on "overcrowding" 39 per cent. of British households would still be left living in severely overcrowded conditions elsewhere.

At this point those who look for more efficient ways of spending money on the poor can begin to list the choices. Clearly an area approach is worthwhile: just tackling Glasgow and central London would take care of a large part of the job. Equally *clearly, concern for the category of poor person* (wherever he or she may live) is essential if many are not to be left out. What is not so clear—and therefore open to a great deal of useful, if heated, argument—is the best way of improving the standard of life in the worst *areas or the standard of living* of the poor everywhere.

Subsidies

*It is not axiomatic that fur*ther council house building is necessary (especially when the economic rent of a new council flat nowadays can be £2,500 or £5,000 or more a year); it could be that subsidising tenants rather than houses, while releasing some of the constraints *on the private landlord, is the most effective way.* But this kind of argument is best left for the detailed reviews of spending options that will be necessary later in the summer; the first task, as I have tried to show to-day, is to recognise where the squeeze—any squeeze—is *hardest to bear.*

Letters to the Editor

Scots and the referendum

From The Secretary, Scottish Conservatives Against The Treaty of Rome.

Sir,—We should like to congratulate Mr. Rogaly on his report (May 13) on the referendum situation in Scotland. As he suggested, the main anti-EEC forces are the STUC and the SNP. In saying however that the rest of the "Get Britain Out" group are no more interesting than in England, we think he is mistaken. A vice-chairman of the Scottish Conservative Party, Mr. Edward Taylor, MP, is campaigning for withdrawal. Knowing how much Mr. Taylor is respected by Scots, we would suggest that his intervention is of some importance.

Mr. Rogaly suggests that a "no" vote in Scotland could be followed by a Scottish convulsion which would shake the British political system to the core. We would suggest that the convulsion has already taken place. To state the fact simply: many Scots no longer think of themselves as British. This is the result of propaganda and hard work by the Scottish National Party over twenty years, and the effete and torpid attitude of the Conservative Party. Very soon Scots could be living in an independent State.

This is of cardinal importance to the Scottish business community, most of whose "exports" go to England. In other words, internal U.K. trade is their staple. We are entitled to ask how long the U.K. will survive if the present mood of British defeatism and self-debasement continues. This mood is being fostered by the pro-Marketeers.

For many Scots, the saving of the Union is of crucial importance in the referendum debate. That is why many who are Conservative and Unionists will be voting "no" on June 5. The "yes" campaigners threaten the integrity of the United Kingdom, and offer no real economic advantage to the north of Britain. The prospect of being the periphery of a centralised *economic and political system* to which we feel alien, is one which can only be accepted under the stimulus of fear.

David McLure.
38, Ashburton Road, Glasgow.

Distorted process

From Mr. H. Renold.

Sir,—Jonathan Carr reports (May 16) on West Germany's disappointment with Britain. A *loss of esteem* because we did not negotiate well enough in the first place, and even more because the Labour Government has felt it necessary to reopen the principle of EEC entry (though in fact only on details). The same has been said elsewhere.

Before accepting general *blame for untrustworthiness,* we should recall how the charge arose in the first place. It arose because the British political process was grossly distorted, and Parliament allowed that to happen. At the 1970 General Election both major parties asked only to negotiate. That clearly implies reporting back, not deciding, and was reinforced by Mr. Heath's pledge of no entry without the full-hearted consent of Parliament and people. Instead, a vote in Parliament was engineered and that was said to be that. This was rubbed in by not one single concession of any kind and the ceding of further vast powers to our bureaucracy and to the EEC, notwithstanding substantial and continuing opinion polls against entry—all the expression we were allowed.

The blame for untrustworthiness and dishonesty rests squarely on Mr. Heath and on nearly all politicians. Belatedly and in adverse and one-sided conditions we are having the referendum that was denied in 1972 (despite a demand that rose to 77 per cent.).

So unsatisfactory and discredited have our leaders, political parties and representative institutions (and the media) become that we are at the begin*ning of a constitutional revolu*tion that will change the whole set-up to one more responsive to an educated and experienced public's wishes. They will not be trampled on in this fashion, nor be held up as untrustworthy.

Hans Renold.
39, Heaton Grove, Heaton, Bradford, West Yorkshire.

Putting money in the Market

From Mr. W. H. Watkinson.

Sir,—Your article "Overwhelming Yes from business men" (May 12) is most interesting, particularly to anyone who also took the trouble to read the article "Putting money in the Market" which appeared immediately below it.

First, the survey appears to have been confined to 64 people (apparently known as the "Chairman's Panel"), out of a membership of the Institute of Directors of more than 20,000. An "overwhelming" survey? Secondly, despite the dogmatic opinions quoted, none of the people expressing those opinions gave supporting facts.

Apparently Mr. Peter Trench is unaware that the dire results *which would befall us if we with*drew from the EEC have arrived while we are still members.

Lord Pritchard is deliberately ambiguous. I say deliberately out of respect for his intelligence, and I wish he had reciprocated by respecting the intelligence of readers of the Financial Times. He says Rothman's have Continental factories and 95 per cent. of the production of the U.K. factory goes abroad. Does Lord Pritchard expect us to believe that the U.K. factory pays a tariff to export to the Continent when his company has factories already there? Is it not true that the production from the U.K. factory is exported to countries outside the EEC? Lord Pritchard may not be prepared to answer those questions but, having had the pleasure of meeting him, I cannot rate his intelligence and business ability below a "*no*" to my first question and a "yes" to my second. Because of his high rating, I imagine that his company has contributed to the biggest in*crease between 1972 and 1973* shown in the table of "Putting money in the Market."

Mr. George Burton said withdrawal would lead to a "com*plete revision of plans including* greater emphasis on manufacture on the Continent." What a splendid idea to follow Lord Pritchard. We should have the advantages of both worlds and would have gone some way to restore the position of Britain in past days, when profits from our trade round the world flowed back home, and we should be free to trade where we could without control from Brussels.

Mr. Patrick Meaney said it was not easy to quantify the results of EEC membership. I imagine *he referred to the advantages,* for no one knows those, they are, and likely to remain, "pie in the sky."

I am sorry that Sir Maurice Laing should say "it is too late" . . . "the die is cast." Just because Mr E. Heath worked for years to sabotage the independence of Britain, it is no cause for despair. There are more building opportunities outside Europe than ever were in it, and less competition. Fairclough has just proved it, and Sir Maurice knows it.

The only opinion quoted with which I can agree is that of Mr Howard Hicks. It is a sad truth that we have no statesmen only politicians. I have had over 20 years' experience of trading with Germany, France, Italy and Belgium and none of them have forgiven us for being the only undefeated nation in the Common Market.

It is peculiar that the late M. Pompidou said after we had joined the EEC that in five years the British would be the peasants of Europe? If he had said that if we did not join we would be the peasants of Europe, I could have thought the Pro-marketeers had a point.

William H. Watkinson.
Windgather,
48, Moss Lane,
Timperley,
Cheshire.

Effects on the pound

From Mr. P. Hichens.

Sir,—It might well seem, writes Mr. C. Gordon Tether (May 16) that the intention of the British people to vote for continued membership of the European Community, as expressed consistently to date through opinion poll sampling, is one cause of the weakness of the pound.

I sincerely hope that we never have the opportunity to discover what effect on the pound a "no" majority might have!

I shall be very surprised if a solid "yes" majority does not restore some measure of confidence in the pound since most of those responsible for the fate of the pound are warmly recommending us to remain in the Community.

There are clearly two factors combining to weaken the pound at present. Firstly, realisation that Mr. Healey's budget, while raising *more* revenue through reduction of private consumption, has done nothing to staunch the haemorrhage of Government expenditure.

Further the inexorable law of supply and demand combining with the variant of Parkinson's law which states that "consumption rises to equal income," have unexpectedly reduced the inflow of short-term oil money. That the pound stood up so well until recently has been due to the long-standing Arab habit of banking a substantial proportion of their receipts in London. As their surplus has diminished, so these deposits have fallen. This may oblige the Government to put our house in order as other more responsible Governments have already done.

I submit, sir, that these two influences have counteracted the support that the opinion poll *forecasts might otherwise have* afforded to the pound.

P. G. Hichens.
Close House, Chinthurst Hill, Wonersh, Surrey.

Advantages of sea trade

From Dr. L. Symons.

Sir,—While the adverse trade balance of £2.4bn. with our EEC partners is all too fresh in our minds, must we not look for a *connection between this un*pleasant fact and (1) during this recent period of increasing deficit the Community has accounted for a growing propor*tion of our trade, and (2)* our trade balance with the rest of the world, except in oil, has not suffered a similar deterioration. In other words, in spite of having accepted the EEC countries as our main trading partners, we have done better with other, mostly more distant countries.

I suggest that fundamental space relationships have something to do with this situation. Exporters located in Britain have within any given distance only a tiny segment of the Continent compared with that similarly accessible to manufacturers in northern France, the *Low Countries or the Rhineland,* for example, because these are centrally placed. Hence they can operate on a radial basis, can more easily remain in touch with their markets and switch deliveries as required utilising a variety of transport media. British exporters have traditionally countered this advantage by lower wage costs. These in turn have been made possible by cheaper food, now largely eroded by the CAP. Devaluation has been used as a panacea but must be near its useful limits. To improve their position in Europe many firms are increasing investment there, using capital much needed for modernisation and expansion at home. In short, a very vicious circle.

What then do space relationships suggest? Whereas over short distances costs of trans*port are closely related to length of movement,* over long distances this does not apply, partly because the latter are largely by sea. Hence we do not suffer *significant spatial relations,* namely our EEC competitors when trading further afield. Birmingham, Cardiff or Glasgow are as good, or better locations *than Paris or Cologne or Milan* from which to sell to Africa, America, Asia or Australasia, or even East European or Soviet ports when compared with some *of the competitors.*

Transport improvements cannot alter these relationships—inevitably investment in roads (for example) in central areas will *appeal* to a majority of the Nine more than will improvement in peripheral Britain (or southern Italy) and we cannot beat them in a transport race. Hence we must return to markets in which we have the least spatial disadvantages, and especially those which do have still large and reliable, and relatively cheap, food supplies, which they actually do need to sell to us.

Leslie Symons,
Reader in Geography,
University College of Swansea,
Singleton Park,
Swansea, Glam.

Pro and Anti organisation

From Mr. I. Moss.

Sir,—We British have always admired the amateur trier who fails, and denigrated the professional doer who succeeds.

It comes as no surprise, then, to find dear old C. Gordon Tether attacking the pro-Marketeers (May 16) simply because they are better organised, better financed, and making better use of the media than the "antis."

What I do find nauseating is the fact it was the "antis" who forced a referendum on the Government; after Parliament had twice demonstrated a substantial support for the EEC, and it is the "antis" sensing defeat who now castigate the "pros" for approaching it in a professional way.

We all know both sides are putting out whopping great lies. We are used to this at General Elections. We don't all believe what we see on TV and read in *the papers. Least of all in* Lombard!

I. P. Moss.
25, The Heythrop, Ingatestone, Essex.

To-day's Events

GENERAL

Mr. James Callaghan, Foreign Secretary, *chairs Western European Union Foreign Ministers'* meeting, London.

EEC Council of Finance Ministers' meeting, Brussels.

Mrs. Shirley Williams, Prices Secretary, speaks at Industrial Forum meeting, Barrington House, London.

Mr. Peter Shore, *Trade Secretary,* in Moscow for discussions on long-term Anglo-Soviet trade.

Mr. Elliott Richardson, U.S. Ambassador to U.K., gives Cyril *Foster Lecture of "Dynamics of* Stability in East-West Relations." Oxford.

PARLIAMENTARY BUSINESS

House of Commons: Finance (No. 2) Bill, committee.

House of Lords: Two Scottish Provisional Order Bills, all stages; Limitation Bill, report and third reading; Policy Holders Protection Bill, committee.

OFFICIAL STATISTICS

Building Society house prices and mortgage advances (first quarter).

COMPANY RESULTS

Coalite and Chemical Products (full year).

Ever Ready Company (Holdings) (full year).

Hardy and Co. (Furnishers) (full year).

Ozalid Group Holdings (full year)

Ransome Hoffmann Pollard (half-year).

F. W. Woolworth (first quarter).

COMPANY MEETINGS

Associated Biscuit Manufacturers, Great Western Royal Hotel, W., 12.30.

British Enkalon, 10, St. James's *Square, S.W.,* 2.30

BICC, 21, Bloomsbury Street, W.C., 12.

Brown and Jackson, Blackpool, 12.

Clifford's Dairies, Bracknell, Berks., 11.30.

Cohen (Electrical), Manchester, 12.

Liden, 227, Lea Bridge Road, Leyton, E., 12.

London and Provincial Poster, Mayfair Hotel, W., 12.

Macfarlane (Clansman), Glasgow, 12.

Rosedimond Investment Trust, 41, Bishopsgate, E.C., 2.45.

Spear and Jackson, Sheffield, 9.30

Victory Insurance, 135, Minories, E.C., 2.30.

Zenith Carburetter, Stanmore, Middlesex, 12.

COMPANY NEWS + COMMENT

Bunzl Paper well on target with £14m.

COMPARED WITH the half-time forecast of around £13.57m. Bunzl Pulp and Paper has turned in £14.07m. for 1974—an increase of £5.49m. on the previous year. Seventy-five per cent. of the profit arose from exports and overseas operations.

The directors expect 1975 to show "considerably lower earnings, even though they should be *higher than those for 1973.*" In a message to employees, the chairman, Mr. G. G. Bunzl, describes 1974 as an "exceptional" year with very favourable trading conditions which, he adds, are quite unlikely to be experienced in 1975.

Before extraordinary credits of £337,000 (£935,000), earnings per 25p share for the year are shown to be 21.3p, against 14.3p. They are 22.6p (17.9p) after the extraordinary items.

Dividend total is up from 3.391p to 3.672p net, with a final of 1.54p. At the gross level this is 13.5 per cent. *above the 1973 total of* 4.935p, the maximum permitted.

Excluding associates, turnover expanded from £94.53m. to £150.14m. Sales by overseas subsidiaries together with exports and overseas trading of the U.K. companies amounted to £120.11m.

The company's interests include paper and paper products, cigarette filters, non wovens, flexible *packaging and* plastic extrusions.

	1974 £000	1973 £000
Turnover (excld. assocs.)	150,143	94,530
Trading surplus	13,597	8,148
Share of associates	1,733	1,271
Net int. and div.	1,563	858
Group surplus before tax*	14,067	8,578
U.K. tax	3,708	2,449
Overseas tax	2,949	1,317
Associates tax	327	334
Making	7,503	4,320
Group surplus after tax	6,563	4,258
Minorities	991	512
Attributable	5,574	3,746
Extraordinary credits	337	935
Net earnings	5,911	4,681
Dividends	961	858

* After deducting depreciation and amortisation, including exceptional of £280,000, £4.66m. (£4m.), additional provision for U.K. employees' pension arrangement £1.19m. (£344,000), interest payable £2.16m. (£1.61m.), directors' emoluments £189,000 (£179,000), increase in general *provision for overseas debtors £397,000* (nil).

● comment

Exceptionally good overseas sales and profits have kept Bunzl Pulp's margins in 1974 ahead of the previous year, and pre-tax profit growth has remained impressively in the 60 per cent.-plus range over both halves of the year. This has been achieved in spite of a 35 per cent. increase in interest charges over the 12 months. At the same time, the balance sheet position does not appear to have deteriorated; the ratio of net debt to shareholders' funds, 33 per cent. at the end of 1973, has apparently remained virtually static. Meanwhile, capital expenditure of £7.4m. last year was comfortably covered by cash flow of £9.47m.—and that excludes £1.7m. of tax relief on stocks. But the trading *picture in 1975, while reasonably* good after three months, does not look that bright for the year as a whole, both in terms of division and geographically—margins and volume are on the decline. The yield of 3.7 per cent. at 09p is taking an optimistic view.

INDEX TO COMPANY HIGHLIGHTS

Regalian £2.2m. loss: no dividend

A NET LOSS of £2.24m., against a profit of £338,450, was incurred by Regalian Properties in 1974, after a first-half deficit of £1.03m. (profit £110,000).

Los per 25p share for the year was *46.93p., compared with earnings of 9.18p.* and there is no dividend—1.4875p net total for 1973.

	1974 £	*1973 £
Turnover	1,850,197	7,505 118
Group loss†	1,940,713	‡309 408
Taxation	179,302	180 909
Interest¶	151 917	370,047
Net loss	2,240,532	‡338,458
From capital reserve§	151,917	70,047
Attributable loss	2,088,615	‡409,197
Dividends	—	66 194

* Adjusted following deconsolidation of a subsidiary. † On developed properties. ‡ Profit. ¶ Relating to properties in course of development. § Credit.

See Lex

Clark and Fenn hits peak

IN LINE with midway expectations of a figure "comfortably" in excess of £875,000, taxable profits of Clark and Fenn (Holdings) expanded by *37.6 per cent. from* £710,506 to a record £977,440 for 1974. At half-way the rise was from £315,000 to £410,000.

Full year earnings per 25p share increased by 26 per cent. to 8.54p and the dividend is raised from 1.8716p to the maximum permitted 2.0387p net with a final of 1.2587p

The chairman Mr. G. C. Vandervell says the result stems from a satisfactory year's trading. The current year has started well, but in the present economic *climate he feels it is not possible* to make a forecast for the full year.

The group manufactures acoustic and other building *materials and operates as* specialist contractors.

● comment

Clark and Fenn so far appears to have avoided any ill effects from the U.K. building depression with full-year profits exceeding the half-time forecast by 11 per cent. *pre-tax. This probably reflects* the fact that the group is largely involved in applying the finishing touches to construction work (that is, plastering and sound-*proofing), and this means that* most of the buildings with which it was concerned last year must have been started some time ago when the construction industry generally was more buoyant. It seems certain, therefore, that as fewer buildings are likely to reach the completion stage in 1975 the group will experience a fairly significant fall-off in volume. C. and F.'s involvement with the maintenance of buildings (to the extent of 20 per cent. of contracting profits) could help to *offset* this in the current year but it would probably be wise to expect some reduction in the 1975 profits. At 42p the shares are yielding 7¾ per cent. covered 4.2 times.

H. C. Slingsby record £0.22m.

Pre-tax profit of H. C. Slingsby increased from £154,071 to a record £219,984 in 1974. When reporting first half profit up from £89,941 to £102,574 the directors indicated a satisfactory improvement for the year.

Earnings per 25p advanced from 7.42p to 9.13p, and the dividend is stepped up from 2.21201p to 2.55961p with a final of 1.66375p. *The company makes hand trucks,* trolleys, etc.

Tax absorbs £120,665 (£73,100), and profit attributable to outside holders was £7,980 (£6,722).

Better 2nd. half for Booth Intnl.

THE SUBSTANTIALLY reduced profit indicated by Booth (International Holdings) turns out to be £250,000 for 1974, compared with £476,000 for 1973, after a sharp contraction from £331,000 to £104,000 at half-way.

The improvement shown in the second half has continued, but it is not possible at present to forecast the results for 1975, the directors state.

If Britain remains in the EEC the directors look towards the future of the leather business with greater optimism than was possible a year ago, and should methods be found to halt inflation, the company should be in a good position to take advantage of *the upturn in world trade forecast* by the Chancellor.

Earnings per 25p share for 1974 decreased from 8.67p to 3.39p, and the net dividend is reduced from 3.41p to 2.68p—equal to 4.05p (5p) gross. The group's business is that of hide and skin merchants and tanners.

	1974 £000	1973 £000
Turnover	17,269	19,033
Share loss assoc.	31	—
Pre-tax profit	250	476
Taxation	149	216
Extraordinary items	7	30
Available	94	230
Dividends	80	102

● comment

Although still depressed by past *standards, Booth staged some*thing of a recovery in the second half of the year, after an interim statement which showed sales and profits down by 21 per cent. and 83 *per cent. respectively. The* upshot for the full year is profits lower by 48 per cent—a result following the line set by the Pittard Group last March. Putting *aside the disruptions in the first* quarter of the year, the main problem was much lower hide prices and the resulting reduced margins which came down to 1.45 per cent. in 1974 against 2.63 *per* cent. in the comparable period. This was aggravated by lower demand in the U.K., although a greater contribution from over*seas held the decline in sales* value to under 5 per cent. For 1975 hide prices have firmed to a certain extent, which if it lasts could point to a gradual recovery. Meantime at 28p, down 4p yesterday, the shares yield 15.2 per cent.: a useful premium above the average, even after the dividend cut.

Midway advance at Burco Dean

PROFIT before tax of Burco Dean *expanded from* £408,913 to £760,995 in the six months to March 31, 1975 after a "most encouraging" first quarter ahead of management budgets.

And the directors report that currently all divisions are trading satisfactorily.

The interim dividend is up from 1.108p to 1.2093p net.

For the full year to September 30, 1974 *dividends totalled* 2.8359725p and pre-tax profit £1.03m. The company makes domestic appliances and kitchen equipment.

	Half-year 1974-75 £	1973-74 £
Turnover	7.76m.	5.75m.
Pre-tax profit	760,995	408,913
Tax	395,717	212,635
Net profit	365,278	196,278

The introduction of VAT at 25 per cent. on certain products inevitably will affect the intake of orders but they hope that further increased selling efforts will minimise the disturbance and that in spite of the continued difficult economic climate, the company will show "another good year of progress."

● comment

A return to full profitability by Eastham must have played an important part in Burco Dean's first-half improvement—profits 86 per cent. higher before tax. In 1974, when teething troubles affected the launch of a new range of kitchen furniture, the Eastham subsidiary made no contribution to profits. Sales of the group's major domestic appliance, the Burco tumble-dryer, are still pushing ahead, while demand elsewhere appears to be holding *steady. Over the last six months* the group has been cutting back on the production of its old-style wash-boilers, and this has helped profit margins. Some easing in the *recovery trend seems inevitable in* the second half when the Eastham impetus is likely to be less, but the group should still be within reach of the peak £1.36m. pre-tax achieved in 1972-73, while beyond the current year the growth prospects must be enhanced by a recent strong push into export markets through the newly-formed export division. The shares at 65p are yielding a prospective 7.4 per cent.

Cedar Trust first half growth

Gross revenue of Cedar Investment Trust increased from £495 836 to £528,868, and the pre-tax figure is up from £369,786 to £401,048 for the half year to March 31, 1975. Gross income for the year to September 30, 1974 was £1,379,823.

As known the interim dividend is lifted from 0.4375p to 0.7p net to reduce disparity. Last year's total was 1.7p.

Reservations at Abrasives International

The existing industrial recession is bound to affect the profitability of Abrasives International, reports chairman Mr. S. I. Ashworth.

He tells members in his annual *statement that under normal* circumstances it should have been possible to forecast that results for the current year would maintain the improved performance over the previous 12 months. Unfortunately, however, strong reservations must be made.

The chairman says that the start of the current year reflected the performance attained in the last six months of 1974. There is considerable concern throughout the machine tool industry that sales demand will decrease and subject companies to "severe" profit and cash flow pressures, he states.

The group is endeavouring to overcome these threats by *increasing its export sales, par*ticularly to Western and Eastern European countries. Outlets are being established in Middle Eastern territories, to be followed by similar developments in the Far East.

As reported, pre-tax profit for 1974 was a record £176,544 (£84,147) on which dividends totalled 1.4p net (1.364p) and Mr. Ashworth *says that this achieve*ment follows the implementation of changes of organisation and procedure which involved the strengthening of the accounting function and the financial control throughout the group as well as the redesign and standardisation of the machine product range.

The accounts show that in 1974 £6,206 was paid as compensation *to a former director.*

Mr. Colin T. Ashworth (including family beneficial interests) holds 30.9 per cent. of the equity.

Meeting, Stratford-upon-Avon, on June 11 at 10.30 a.m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aust. & N.Z. Banking int.	4.7	July 8	4.5	—	9.09
Berry Wiggins	1.23	June 27	1.23	1.93	1.93
Booth Intl.	1.34	July 21	2.01	2.68	3.41
Bunzl Pulp and Paper	1.54	July 2	1.41	3.67	3.39
Burco Dean int.	1.21	Aug. 7	1.11	—	2.84
Clark and Fenn	1.26	July 18	1.29	2.04	1.87
Highcroft Investment	0.75	July 3	0.75	1.35	1.25
Kuala Kampar Tin	60 cts.(a)	June 27	70 cts.	135 cts.	90 cts.
Midland Ind. int	0.41	July 7	0.34	—	0.75
Old Swan Hotel (Harrogate)	0.5	—	0.2	0.8	0.5
Outwich Trust	1.25	June 25	1.0	1.75	1.5
Padang Senang	0.5	June 16	0.7	0.5	0.7
Regalian Properties	Nil	—	0.88	Nil	1.49
H. Samuel 2nd int.	3.88	June 28	3.69	7.25	4.56
H. C. Slingsby	1.66	July 7	1.49	2.56	2.21
Tricentrol	Nil	—	1.07	1.07	2.19

Dividends shown pence per share net except where otherwise stated.
* *Equivalent after allowing for scrip issue.* † On capital increased by rights and/or acquisition issues. (a) Gross throughout.

Shell Australia downturn

Group net profit of Shell Australia decreased from $19.13m. to $14.6m. in 1974 on group sales of $671.3m., against $525.8m.

The profit is after tax of $23.44m. ($27.96m) and depreciation, amortisation and depletion of $26.15m. ($26.19m.) but excludes fixed assets sales profit $0.95m. ($0.68m.) and exploration expenditure written off $12.59m. ($21.11m).

The chairman points out that petrol price increases in December and March improved margins over "the disappointing 1974 second half."

Whether the improved margins will be maintained throughout 1975 depend on a reduction in the present inflation rate, fewer industrial disputes and moderated wage increases, he said.

He attributed the fall in net profit to lower income from both oil and chemical activities.

Drought hits Chersonese crops

IN HIS annual statement as chairman, Mr. T. B. Barlow stresses that the increasing reliance of Chersonese (FMS) Estates on palm oil, spreads the risk of the fluctuations of natural rubber where the *outlook remains clouded by the* present world economic climate.

He points out that the palm oil price has declined to about £170 per ton, compared to last year's crop price of about £235, and sales of edible oil in the U.K. have been "drastically" affected by the heavy subsidies payable on butter.

Mr. Barlow reports that the severe drought in 1974 is likely to have an adverse effect on all crops during the current year. The Government's limitation of tapping days and stopping the use of yield stimulants will have a depressive effect on the rubber crop, which consequently is estimated to be 20 per cent. less than in 1974.

A steady programme of replac*ing rubber with oil palms and old* coconuts with pedigree stock to be underplanted with cocoa later has been planned. Total for 1975 is 370 acres of oil palms, 100 *acres of coconuts and 550 acres of* cocoa interplanting among coconuts.

The chairman assures members that whatever the future holds, Chersonese is well equipped to meet events and give a good account of itself.

As known, pre-tax profit for the year 1974 increased to £791,399 (£367,452) and the dividend is lifted to 1.033p (0.938p equivalent).

Majestic Investments and subsidiaries hold 11 per cent. and Muar River Rubber 14 per cent. of the company's capital. Meeting *10-15 Mincing Lane, EC, June 10,* at noon.

Upsurge at Midland Industries

WITH PROFIT before tax of Midland Industries up from £265,000 to £410,000 for the six months to March 31, 1975, a record year end is forecast.

The chairman, Mr. E. C. Marsland, describes the first half's trading as "satisfactory" and says he confidently expects *further progress in the second* half.

For the full year to September 30, 1974, pre-tax profit was a peak £625,056 and dividends totalled 0.752p net. At the annual meeting in March, Mr. Marsland forecast "satisfactory" results for the year.

Interim dividend is ahead from 0.335p to 0.40625p.

● comment

Midland Industries first-half pre-tax profits growth has accelerated to 35 per cent., while the pace of sales growth has been maintained at the previous second half rate of 47 per cent. The foundry side, two-thirds of pre-tax profits last year, has benefited from a low exposure to the motor car indstry and enjoyed good volume, particularly on new direct/indirect export business; this has more than outweighed problems with agricul*tural machinery. The group is* currently increasing castings capacity by some 30 per cent. at a cost of £2.5m. Since net debt of £1.9m. compared with shareholders' funds of £1.6m. in the last balance sheet, the intention is to finance this programme out of cash flow, in which both depreciation and deferred taxation will be important. The process may, in any case be a gradual one, as creditors cannot be relied upon to finance nine-tenths of working capital requirements as they did in 1973-74. Pre-tax profits of over £800,000 would cover a prospective yield of 9.8 per cent., at 14½p, four and a half times.

Court Hotels listing suspended

The Stock Exchange has suspended the listing of the Ordinary shares of Court Hotels (London) at the company's request pending clarification regarding a possible offer for the company, it was announced yesterday.

In February 1974, following an offer to shareholders, Tollman Hotels and Tourist Industries, a South African company, announced that it had acquired a 32.8 per cent. interest in Court. In March of this year the company's shares were temporarily suspended at its request as a result of merger discussions between the parent company and Southern Sun Hotel Holdings (Pty.). The quotation was restored last month. This followed the publication of figures showing a loss, before tax, of £358,000 for *the year to September 30, 1974,* compared with a profit of £380,000 in the previous year.

Barclays Paris offshoot

Barclays Export and Finance Company has formed Barclays Bail SA, an overseas leasing offshoot located in Paris. Mr. C. Brockbank, executive director of "Bexfco" said: "We have been *giving attention to the develop*ment of direct leasing in foreign countries, and this formation is part of our planned overseas expansion."

RECEIVER FOR ARNSEC

Following recent suspension of the listing of Arnsec, the Board requested the Debenture holders, Barclays Bank and Close Brothers, to appoint a receiver and manager and Mr. Spencer of Stoy Hayward and Co. has been duly appointed.

Berry Wiggins turns in £1.26m.

ON A TURNOVER more than doubled at £19.91m., pre-tax profit of Berry Wiggins and Co. improved from £1.09m. to £1.26m. in 1974.

When reporting first half profit up from £331,000 to £553,000, the directors stated that the company was in a strong position to ride out the problems of the immediate months ahead. With benefits from expansion to show through, they said they had every confidence in the future.

Earnings per 25p share for the year, calculated on profits (after tax, *transfer to deferred tax,* minorities and Preference dividends) of £548,000, was 4.53p (3.77p), and on profits (after tax, minorities and Preference dividends, but adding back the transfer to deferred tax account) of £764,000, 6.31p (3.77p). A final dividend 1.225p net makes a total of 1.925p (same).

Developments planned for the *current year* in both the oil services and remaining bitumen, refining and storage activities will ensure a continued growth in earnings, it is stated.

	1974 £000	1973 £000
Turnover	19,907	9,086
Trading profit	914	639
Royalty receivable	23	79
Interest etc. income	344	217
*Other income	—	166
Share assoc. loss	21	—
Profit before tax	1,260	1,092
Tax	†634	556
Minority interests	46	—
Deferred tax adjustment	17	54
Attributable	563	486
Preference divs	22	32
Ordinary	253	116
Retained	298	338

* Profits on sales of interests in subsidiary and associated companies.
† Including £216,000 (nil) to deferred account.

Provision for a loss of £496,000 (nil) on settlement of the Bahrein Royalty (net of tax) has been transferred from general reserve.

● comment

At the half-way mark it was on the cards that extraordinary costs for Berry Wiggins would continue into the second half of 1974 and indeed, the results are distorted by the £496,000 provision for loss on the settlement of the Bahrain royalty receipts. The difficulty in assessing profits for this year is that the company has changed its spots rapidly and is now more orientated towards oil servicing and contracting than its traditional bitumen business. The traditional side is now estimated to account *for only 10 per cent.* of current profits as compared to oil servicing—the latter being split half-and-half between the U.K. and overseas. Profits are expected to rise this year and the share price is taking this fully into account at 80p with a yield of 3.8 per cent. and a p/e of 17.4 times. But the carrot is that the company is one of the few immediate ways of getting into North Sea oil via a U.K. quoted company.

42 companies wound-up

Orders for the compulsory winding up of 42 companies were made by Mr. Justice Brightman in the High Court yesterday. They were: CDE (Holdings), Landerway, TBE International Transport, Ridgeminster Estates, L. B. Bloxham and Company, Marathon Productions (Records), Simbagate Construction Company, Berkeley *Securities* (Property), Andre Fashions (Slough) and Autofit (Service).

International Activation Development, Elthinbridge, Fieldon Rubber and Engineering Supplies, Greensquare Developments, Greensquare Properties, Palmicon, R. J. Diggins (Industrial Roofing Specialists), John Willment (Havant Quay) and Michael P. Corcoran.

Startrite Construction, Wolstenburgh, Betta Trim Gowns, Jamad Productions, Thames Advertising Service, Biggs Upholsterers Trimmings Company, Sheraton Securities, Housing Management and Design Associates, F. M. Langford, Harlan Matthews, Astbery Engineering and J. Nunn and Sons of Ipswich.

Ballyroan, Howes and Collins Electrical, Chadwick and Holmes (Enterprises), Inter City Helicopters, Coin Concessions (Sales), Diana Pooley, Westons and Haycocks (Brighton), Bruce Flooring Company, Titan Leather Company, Fine Plates, Hodgkiss and Hughes.

An order made on May 12 for the compulsory winding up of Michael O'Flaherty was rescinded on payment of the debt in cash. The petition was dismissed.

ISSUE NEWS

Gordon Johnson Stephens rights

Gordon Johnson-Stephens (Holdings) announces that it intends to raise £0.3m. by a rights issue *on the basis of one new 25p* share for every two held. The shares will be provisionally allotted credited 10p paid by way of capitalisation of reserves, subject to a call payable on acceptance, which amount will be not less than 15p per share.

Results for the year to February 28, 1975 will be announced before the issue of *allotment letters. The Board is* satisfied that pre-tax profits for that year will not be less than those of the previous year.

The Board states that although the company is in a position to meet commitments for the acquisition of Douglas-Rownson Activities, and provide working capital for the existing business, it is desirable to increase the capital base.

The issue is to be underwritten.

MORGAN CRUCIBLE

Morgan Crucible acceptances have been received for 7,843,036 Ordinary shares of 25p each (92.9 per cent.), of the 8,438,464 Ordinary shares offered by way of rights to Ordinary shareholders. The shares not taken up have been sold and the net premium over the offer price will be distributed to the shareholders entitled thereto, except that no individual amount of less than 50p will be distributed.

Good start by Dufay

Mr C. J. Bridge, the chairman of Dufay Bitumastic told shareholders at yesterday's annual meeting that so far in the first quarter of the curren year sales on a monthly basis were running slightly above the average of £733,000 per month for the whole of last year. This he said, was an encouraging start since the first quarter is seasonally the worst for the company.

Butlins Irish

Gross revenue of Butlins Irish and *Continental Holidays* increased from £1,099,326 to £1,254,993 for the year to October 31, 1974.

Pre-tax profit was £100,072 (£41,631), after interest £12,217 (credit £1,345). Tax absorbs £21,014 (£7,358).

Results and accounts in brief

ABERDEEN INVESTMENTS—Final 4.9p net making 1.65p (1.625p) for year to March 31, 1975. Revenue £54,441 (£53,250) before tax £16,354 (£15,547), leaving £25,097 (£24,742). Retained £3,067 (£2,282). Franked investment income £37,473 (£35,350). Unfranked £2,509 (£5,214). Net asset value per 25p share 37.37p (49.33p).

ASH SPINNING COMPANY (cotton spinners and textile manufacturers)—Final dividend 2.125p net for the year ended March 29, 1975, making total of 3.625p (3.325p). Group sales £5,249,450 (£3,776,173). Group trading profit £240,511 (£203,399). Income from quoted investments £62 ([illegible]). Making £240 573 ([illegible]). Deduct: Auditors remuneration £2,225 (£1,229), directors' emoluments £22,795 (£16,279), bank interest £5,267 ([illegible]), loan interest £22,402 ([illegible]), hire purchase interest £7,363 (nil), plant hire and leasing £15,913 (£14,754), depreciation £113,597 (£50,960). Add: share of profit of associated company £2,009 ([illegible]). Group profit before tax £101,892 ([illegible]). Taxation £46,822 (£31,739). Group profit after tax £55 069 (£100 226). Add minority share of loss of subsidiary company £13,046 (nil) and exceptional profits £16 000 (nil) less tax £8,360 (nil). Making available to members of the Ash Spinning Company £82,755 (£115,567). Deduct net dividends £29,000 (£26,640). Leaving retained profit £53,755 (£88,947). Earnings per 25p share 10.54p (14.45p). Diluted earnings per share 6.83p (12.11p).

BAINBRIDGE BROS. (ENGINEERS) (Manufacturers of aluminium and steel prefabricated units)—Final 0.575p net (same) making 1.4p (same) for year to February 28, 1975. Turnover £563,590 (£532,259). Profit £47,424 (£69,175) after all charges including tax of £60 000 ([illegible]). Earnings per 10p share 4.11p ([illegible]).

BARLOWS—Dividend 4.5p net (7.6666p) turnover, excluding freight recharges, [illegible] ([illegible]). Pre-tax profit £40,854 ([illegible]). Tax £20 721 ([illegible]). Earnings 7.8p (5.1p).

CAMREX (HOLDINGS) (paint and corrosion specialists)—Results for 1974 reported April 29. Group fixed assets £1.5m. (£1.5m.). Net current assets £2.3m. ([illegible]) [illegible] areas where investment can produce the best long-term return. Difficult to forecast but no doubt that group will give good account of itself in 1975. Meeting, Sunderland, June 5 at 12 noon.

C.L.R.P. INVESTMENT TRUST—Gross income half year to February 28, 1975 £322,229 (£229,511). Management expenses including provision for pensions £14,028 (nil) £58,217 (£35,207). Interest on loans including dollar loan £70,158 (nil) £105,000 (£26,159). Taxation £53,736 (£52,850). Net revenue £122,751 (£123,554). Preference dividend £8,750 (same). Ordinary Interim 0.5p per share, as known, £70,000 (0.35p £49,000).

Investments valued £10.57m. (£8,417,580) at Aug. 31, 1974. Net current assets £1.47m. (£0.552m.). Net asset value of ordinary *after deducting prior charges at* per 6lp (44lp), including the full investment currency premium of 74½ per cent. (45 per cent.) amounting to 65p (5p). In event of a sale of the investments at the above valuation these asset values would have been reduced by a loss of 25 per cent. of the investment currency premium, where applicable, amounting to 20 1p and liability for tax on capital gains estimated 2p (nil).

LONDON PRUDENTIAL INVESTMENT TRUST—Final 1.05625p net making 1.59375p (1.7065p), year to April 30, 1975. Revenue before tax £197,102 (£168,065) after expenses £31,882 (£32,070). Tax takes £71,454 (£59,089). Earnings per 25p share 2.09p (1.604p). Valuation of investments including 100 per cent. dollar premium of £580,990 (£238,387). Net asset value per Ordinary, 56p (38½p).

LOWLAND DRAPERY HOLDINGS—Results, 1974, reported April 19. Group turnover £2.91m. (£3.37m.). Fixed assets £569 739 (£582,160). Net current assets £0.9m. (£1m.). Given no serious downturn in distributive trades or in general industrial activity, chairman is confident that company will "continue to achieve sound trading progress in the present year." Meeting, Glasgow, June 4, at 12.15 p.m.

ALBERT MARTIN HOLDINGS (clothing manufacturers)—Results for 1974 reported April 10. Group fixed assets £2.01m. (£1.77m.). Net current assets £930,779 (£747,207). Group has made a good start in 1975 despite the uncertain economic situation. Policy is to continue expanding production to match the demands of major customers, and given reasonable trading conditions group can look forward to progress in the future. UU Textiles holds 20.9 per cent. of Ordinary capital. Meeting, Nottingham on June 5 at 11.30 a.m.

H. AND J. QUICK GROUP (passenger and commercial vehicle dealers)—Results for 1974 reported April 12. Group fixed assets [illegible]

TRANSATLANTIC AND GENERAL INVESTMENTS—Final 1.45p net for year ended March 31, 1975 [illegible]

TEBBITT GROUP [illegible]

UNITED CAPITALS INVESTMENT TRUST—[illegible]

NMC INVESTMENTS—Dividend [illegible]

WEST BROMWICH SPRING COMPANY—Final [illegible]

BEN WILLIAMS AND CO.—Final [illegible]

INTERIM STATEMENT

ANZ BANK

INTERIM STATEMENT

The Directors of Australia and New Zealand Banking Group Limited have declared an interim dividend of 4.7p per share in respect of the year ending 30th September, 1975 (1974 4.5p). This dividend is payable on 8th July, 1975 to shareholders registered in the books of the Company at the close of business on 9th June, 1975. The dividend will be payable in London in English currency and in Australia and New Zealand at buying rates of exchange for telegraphic transfers on London current at the date of the dividend warrants, namely 8th July, 1975.

Consolidated profit after tax (unaudited) for the half year ended 31st March, 1975 was 5 per cent. higher than the figure for the previous corresponding half year and gross income was 35 per cent. higher. Profits from banking operations were 13 per cent. lower than in the previous corresponding period. This reflects the increases in deposit interest rates paid coupled with a continuing rise in the proportion of interest bearing deposits, and considerably higher operating costs, particularly salaries and associated costs. An increase of 48.7 per cent. in profits was achieved by Esanda, following the strong growth in net receivables.

The Directors are of the opinion that, in the absence of unforeseen circumstances, an increase over the consolidated profit after tax recorded at 30th September, 1974 will be achieved in the year to 30th September, 1975.

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

20 May, 1975

هكذا من الأصل

Tricentrol downturn —no final

ON A TURNOVER up from £37m. to £48.29m., pre-tax profit of Tricentrol International decreased from £1.45m. to £1.01m. in 1974.

Basic earnings per 25p share decreased from 8.1p to 5.8p—fully diluted they were down from 7.1p to 5.9p. There is no final dividend, the paid interim of 1.072p net therefore compares with last year's total of 2.19p. A one-for-two scrip issue is proposed.

The policy is that the commercial division should provide the income to enable servicing the debt and to pay dividends and that profits from the exploration division be ploughed back into further exploration.

In 1974, Tricentrol's oil and gas exploration division prospered but the commercial division in the U.K. suffered particularly from the recession in both the motor vehicle and the building industry and had to provide for the high interest rates prevailing during the year.

The directors do not consider that it would be in the best interests of Tricentrol, particularly at a time of high investment in the North Sea, to depart from this policy and accordingly because of the poor results of the commercial division no final is recommended.

In their opinion, the realisable value of oil and gas resources is considerably in excess of the book values of capitalised costs at end 1974.

The successful outcome of negotiations with the Government for the provision of a £38.3m. guarantee should allow maintenance of the 8.4 per cent. interest in the Thistle Field.

For this guarantee the Government will earn a royalty which, if production commences in 1977, will amount to approximately 5 per cent. of the crude oil produced. As a result of the guarantee Tricentrol should be able to borrow the development funds needed at keener rates, it is stated.

The company has agreed to continue to negotiate the granting, for value, to the Government of 51 per cent. of Tricentrol's 8.4 per cent. interest in the field.

The directors have confidence in the future of Tricentrol as an exploration and production company in the years ahead.

In the commercial division steps have been taken to counteract the current downturn in trading by bringing the group's facilities and work force more into line with the present trading conditions.

The engineering group has been closed and its assets are being sold. A loss of £136,000 by the travel group resulted mainly from the Silverline operation at London Airport which has now been discontinued, and the commercial division is now in a sound position to profit from a revival of business when it comes.

	PROFIT	
Exploration division:—		
North America	892	631
Trinidad	348	47
U.K.	—	‡129
Australasia and S.E. Asia	—	†148
Total exploration	973	[illegible]
Commercial Division:—		
U.K. cars	336	357
Trucks	187	299
Builders' merchants	126	249
Hardware, etc.	227	42
Travel loss	136	471
Engineering loss	229	11
Property	55	103
Australia manufacturing	25	59
Canada bldrs.' mchts. loss	66	25
Netherlands bldrs. mchts.	475	349
Hotel operations loss	5	17
South East Asia loss	10	41
Total commercial	810	1,242
Total divisional profit	1,783	1,841
Concept costs	321	180
Net interest	184	‡18
Head office cost	155	212
Total concept costs	770	393
Profit before tax	1,013	1,448
Overseas tax	226	131
Deferred tax	144	190
Underprovision	13	§12
Net tax charge	97	309
Minority holders	1	1
Attributable	917	1,139
Extraordinary charges	483	239
Balance	434	900
Dividends	189	329
To reserves	243	571

* Research and development £12,000 and manufacturing £367,000. † Trinidad and Tobago. ‡ Packaging and general trading. †† Loss. ‡ Profit. ‖ Credit. § Overprovision.

Tricentrol also announces that through its wholly-owned Tricentrol Philippines Resources Incorporated subsidiary it has taken a 10 per cent. interest in a service contract signed with the Philippines Petroleum Board on May 6 by Champlin Philippines Incorporated, as operator for itself and for Tricentrol.

Tricentrol, as a working partner, will share in 55 per cent. of gross proceeds allowed from any production for recovery of expenditures. The contract requires an exploratory well to be drilled before April, 1976.

● comment

Tricentrol came to grief in the final quarter of 1974. Pre-tax profits were down from £448,000 to £83,000 during that period, leaving the annual figure 30 per cent. lower. Over the year there have been some major changes in the balance-sheet; net debt has risen from around £7.7m. to £13.7m., against shareholders' funds of £11.6m.—the latter being unchanged on the previous year due to unquantified goodwill write-offs. And with the Government guarantees, presumably Tricentrol will be able to go ahead and borrow even more to finance its share of development costs in the Thistle Field. Back on the commercial side, the loss-makers should now be out of the way and considerable benefits should arise from the increased gas price in North America, which came into force on January 1. At 78p, the share price compares with a low of 20p this year, though this is still a far cry from the 1974 peak of 190p.

Confidence at Dewhirst

First half turnover and profits to July 20, 1975 of I. J. Dewhirst Holdings, clothing manufacturers and wholesalers, will show a "substantial" increase over the comparable half of 1974, which was depressed by the three-day week, forecasts the chairman, Mr. A. J. Dewhirst, in his annual statement.

Despite the many problems, he is confident the company is in good shape and good heart to face the challenges and to continue to grow satisfactorily in the current year.

He reports a good start to the year in sales and production levels and the company has, at present, a full production programme. Mr. Dewhirst says it is difficult to forecast ahead of the first six months, as this depends principally on the level of U.K. consumer spending.

As reported on April 24 group pre-tax profit increased from £380,068 to £487,150 for the year to January 17, 1975 and dividends totalled 2.48p (2.205p adjusted for one-for-three scrip).

Mr. Dewhirst draws attention to the "marked" increase in Deferred Taxation Account which stands at £510,949 and explains that over the past two years the company has paid no tax, largely as a result of its capital expenditure programmes accordingly all the tax charge has bee nadded to the Deferred Account and retained in the business.

Meeting, York on June 13 at noon.

Outwich Trust pays 1.75p

A final dividend of 1.25p by Outwich Investment Trust lifts the total from 1.5p to 1.75p net per 25p share for the year to March 31, 1975. Earnings per share are shown at 2.08p (2.1p).

Revenue before tax decreased from £972,216 to £927,572.

	1974-75	1973-74
	£	£
Investments revenue	1,221,925	1,044,628
Underwriting comm.	1,767	1,125
Bank and loan int.	122,186	274,340
Interest charges	349,205	299,606
Management expenses	69,101	45,200
Revenue before tax	927,572	972,216
Taxation	219,513	259,647
Net balance	665,059	612,569
Net asset value per share	81.6p	82.8p

H. Samuel jumps to £7½m. —1 for 2 scrip

TURNOVER, excluding VAT of jewellers and silversmiths, H. Samuel, increased from £26m. to £35.06m. in the year to January 31, 1975, and taxable profits expanded from £6,623,000 to a peak £7,556,000 after rising from £0.98m. to £1.73m. in the first half.

The year's profit excludes £875,000 net earned in excess of the reference level for which full provision has been made in the accounts.

Having regard to the "strong liquid position," the directors recommend a second interim dividend of 6.375p net making 7.25p against 4.56p for the year. The company remains close.

The directors also recommend a scrip issue of one "A" share for every two Ordinary or "A" shares held.

Tax for the year takes £4,108,000 compared with £3,284,000.

● comment

A buoyant Christmas trading period pushed up the year's sales to above H. Samuel's earlier expectations, with the result that pre-tax profits (before excess profit deduction) shot up to £8.43m.: a return on sales of 24.1 per cent., which was 2¼ points above the reference level. The £875,000 write-off that was thus made necessary brought down the profit advance to a more modest 14 per cent., but left Samuel with the problem of this sum sitting in the "bank" for this year and the need further to reduce trading margins in 1975 to keep overall margins in line with the reference level. A hefty store-opening programme will help, while the introduction of 25 per cent. VAT on top of already high prices may cool demand. Certainly the pre-budget sales boom has been followed by a period of slack demand, but whether this will continue is doubtful as tax at this level is nothing new to jewellery and at times it has been a great deal higher. Whatever this year holds in store, the market approved and the shares rose 18p yesterday to 173p, where the yield of 6¼ per cent. is similar to that of James Walker.

Social Audit questions for 'Tubes'

THE ANNUAL meeting in Birmingham yesterday of Tube Investment attended by about 60 shareholders, was extended to an hour and ten minutes by questions from Social Audit, and critical shareholders.

Social Audit, a pressure group that has criticised the group for being too secretive and for its wage policies in South Africa, was reminded by Lord Plowden, the chairman, that more information was disclosed year by year. Some shareholders already thought it was too much, he said.

The report of the panel on the company's corporate responsibilities set up by the Social Science Research Council, should soon be ready and would be discussed at a London seminar.

Mr. F. J. Trentham, a shareholder who has in the past criticised the accounts, remarked that inflation-adjusted accounting seemed to show that stockholders' funds had declined by about £12m. (down from around £265m. to £252m.) between '73 and '74. He complained that the point would come when the more shareholders put in the less would be left, and they would be in the same position as British Leyland.

Mr. Trentham was invited to discuss his problems with a financial director, and Lord Plowden, while admitting that accountancy practices were undergoing changes said the accounts conformed to current requirements.

F.C. Finance loss after £1.8m. provisions

AFTER SETTING ASIDE £1.8m. of exceptional provisions, FC Finance, the consumer credit and financial group controlled by the Co-operative Bank, incurred a pre-tax loss of £127,000 in 1974, compared with a previous profit of £1.5m. In 1973, exceptional provisions of £462,000 had been made.

For the first six months of last year, the company returned a pre-tax profit of £610,000, against one of £867,000, after further provisions, of unstated amount, against advances, as then considered appropriate by the Board in the current circumstances.

An interim dividend of 1.575p net has already been paid and no further dividend is proposed for 1974. The total distribution for 1973 was 3.6075p.

The exceptional provisions of £1.8m., compared with £462,000 in 1973, consist primarily of £1.5m., being the additional amount provided after a review of all loans and land held for development. Also set aside was £247,000, representing the group's share of additional provisions made by an associated company.

The directors say that, having made these provisions, they consider the valuations, on the basis of realisation in the ordinary course of business of loans and land held for development, to be fair and realistic. They add, however, that they realise that, in present abnormal conditions in the property market and economic situation, there can be no certainty about the value of assets of this kind.

In a statement last October, the chairman, Mr. A. Sugden, said it had been decided at the end of 1973 (when a troubled climate came over the secondary banking industry) to limit the group's involvement in property development and to concentrate on consumer finance.

Turnover accordingly contracted and, in 1974 as a whole, fell to £23.9m. from £28.1m. the previous year. Interest absorbed a considerably increased amount of £6.7m. last year, however, compared with £4.9m. in 1973. The net loss after a nil tax charge was £106,000, compared with a net profit of £864,000, while the loss per share was 2.1p, compared with earnings of 11.1p.

It was made clear in October that the company had received certain additional advances from its holding company (and from the Co-operative Wholesale Society) to replace certain deposits.

See Lex

Co-op Bank setback

HEAVY SPECIAL provisions, particularly in the F.C. Finance hire purchase subsidiary, have hit the profits of the Co-operative Bank, shortly to join the London clearing house.

As a result, the bank's pre-tax profits, shown with the accounts of the CWS, dropped from £4.75m. to £1.23m. pre-tax in 1974. This was after additional provisions against advances of £2.65m., including exceptional provisions of £1.3m. agianst loans and land held for development in F.C. Finance. This related to balance sheet loans, mainly secured on development properties, and land totalling £31.99m.

This provision put F.C. Finance into a net loss of £127,000, against the previous year's £1.5m. profit.

Since the year end, however, "there has been a steady return of confidence in residential property," and with the support of the bank F.C. is encouraged to expect "a return to profitability and renewed expansion in the traditional fields of consumer credit."

As a whole the banking group suffered a drop in profits before the exceptional items from £5.65m. to £4.76m. Its balance sheet shows a reduction in the banking group's lending and deposits, with advances down from £124.3m. to £96.6m. and deposits down from £266.2m. to £234.6m.

The bank reports that the amount of business which it transacted increased significantly. Turnover on current account rose by 35.4 per cent. to £38.8m.

Statement Page 30

Pontins' £4.66m. for 7 months

REPORTING PROFITS before tax for the seven months to October 31, 1974, of £4.66m. against £4.73m., the directors of Pontins point out that almost all the trading income is received between April 1 and October 31 in any year and such income is subject to winter expenses before the trading profit for the full year can be ascertained. The final result for the year to March 31, 1974, was £3.72m.

The general falling off in demand for holidays abroad in 1974, and the loss of up to £150,000 already paid in respect of flying requirements prior to the collapse of Court Line has had a limited effect on profits, members are told.

Bookings for 1975, however, both in the U.K. and overseas, are in excess of those at the same time last year.

Statement Page 28

Padang Senang profit growth

Pre-tax profit of Padang Senang Rubber increased from £47,765 to £102,688 in the year to September 30, 1974, subject to extraordinary debits of £139,584.

Earnings per 10p share increased from 0.96p to 1.99p, before the extraordinary items. The dividend is cut from 0.7p to 0.3p net.

	1973-74	1972-73
	£	£
Turnover	305,445	288,632
Pre-tax profit	102,688	47,765
Taxation	53,435	24,000
Extraordinary debits*	139,584	—
Net loss	90,311	†23,765

* Realised net losses in investments and multi-currency loan scheme £59,192 and provision for unrealised net losses on investments £80,372. † Profit.

HOOVER

Hoover announces the 5¼ per cent. (with regard to repayment of 3.85 per cent. net) Cumulative Preference Stock, that the High Court confirmed the reduction of the Stock on May 12. The reduction became effective on May 15, repayment will be made on May 30.

Halifax Building Society 1975 Annual General Meeting

Points from the statement by the Chairman, Mr Raymond Potter presented at the 122nd Annual General Meeting on 19th May 1975

Before I comment on the year's results I must give pride of place to the event which took place on *13th November 1974 when Her Majesty the Queen* visited us at our Head Office. It was a day which will remain long in the memories of those present.

Progress During 1974

The assets of the Society at 31st January, 1975 were £3,767 million having increased by £560 million during the preceding 12 months. In percentage terms the increase was 17.5% compared with 14.9% in the previous year. The increase for last year would have been 15.2% had the Society not taken up its share of the Government loan to the building society movement. Receipts from investing shareholders and depositors, including £195.1 million interest credited to the accounts and not withdrawn, were a record at £1,392.9 million. Withdrawals also continued at a high level, being £924.8 million. The net inflow was £273 million compared with £254.5 million the year before.

During the year 703,383 new accounts were opened, 613,372 by investors and 90,011 by borrowers. An average of 2,306 new accounts was opened each working day.

These figures formidably underline the enormous extent of the activities of the world's biggest building society.

The Society's experience during 1974 followed in general the pattern established by the movement as a whole, except that during each of the lean three months at the start of the year the Halifax had a surplus of receipts over withdrawals, however modest such surpluses were in relation to later months.

Mortgages

The Society advanced on mortgage £621.7 million of which £25 million was lent to existing borrowers for home improvements. Despite all the talk of rationing (which was certainly not without foundation) the figure of total advances was higher than that of the previous year, a fact which at a difficult time should not go unnoticed.

However, such was the demand and such continues to be the demand that rationing continues to be the order of the day.

In these circumstances, priority is naturally given to existing members, particularly investors, and *within this framework slightly over half of all* advances made were to first-time purchasers while about 31% were to people 25 years of age or under. Moreover 64.5% of advances were made to people with incomes of £3,000 or below and only 16.0% to people with incomes in excess of £4,000.

I mention these points in order to refute constant suggestions that building societies are not operating effectively within the groups to which I have referred.

Interest Rates

During the period since the last change in the interest rate structure operating margins were being pared down, noticeably by the increase in the rate of income tax which took place last year. It was obvious that sooner or later something would have to be done to restore margins, and the further increase in the basic rate of tax which was announced in the recent Budget made such action inevitable. Indeed *the cumulative effect of recent increases in taxation* would mean that societies might trade at a loss unless some adjustment were made.

On April 23rd therefore the Council of the Building Societies Association recommended a reduction in the rates paid on Paid-Up Shares Class 2 and Deposit accounts by ½% from 1st June, 1975. Despite this reduction, the return on investments and deposits with the Society is still extremely competitive, particularly if one bears in mind the *other attractions of investment in a building society.*

People argue that there is no point in saving with an inflation rate at 20% or over. My own view, however, is that the high level of current savings indicates that most men and women continue to regard money as the only effective means of exchange. It is therefore imperative that Government should direct its attention firmly to arresting the evil of inflation.

Administration

The tremendous volume of business which the Society is currently handling has imposed very considerable demands on staff, agents and other officials. I extend a heartfelt thank you to all of them, to the Board and to the Executive.

HALIFAX
BUILDING SOCIETY
Member of The Building Societies Association

MINING NEWS

Utd. Goldfields makes its share offer

BY LESLIE PARKER, MINING EDITOR

A UNIQUE gold-mining experiment in Australia is now at last under way. It is the first offer of shares in a new mining flotation since the great tightening up of stock exchange regulations down under that followed the excesses of the Poseidon boom.

As already recorded in our columns, United Goldfields Corporation has had to run the gamut of such new regulations including those imposed by the Australian Government itself before being able to issue its prospectus in Perth for the offer of 4m. shares of 25 cents at par. There is also an offer of a like amount of shares at 2 cents per option on a one-for-one basis exercisable on January 1 or July 1 in the years 1976 to 1980.

The funds are needed for the exploration of gold-mining prospects in the Ora Banda area of Western Australia all of which it is considered could be conveniently operated as one unit. The lists opened in Perth last Friday and it is anticipated that they will remain open for ten days to a fortnight.

U.K. tranche

It is understood that 1m. shares will be available for subscription by U.K. investors, an offer that has been approved by the various authorities in Australia. The company has three of its seven directors on this side of the world including London stockbroker Lord Cardross. Chairman is former Agent General for Western Australia in London Mr. Gerry Wild.

Dealings in the shares are expected to start on July 2. In the prospectus the directors stress the exploratory nature of the project. The success or otherwise of the issue will be watched with considerable interest both here and in Australia especially in view of the current indeterminate course of the gold price. United Goldfields will at least be without competition so far as new mining flotations down under are concerned.

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivision shown below is based mainly on last year's timetable.

TO-DAY

Interims: R. and G. Cuthbert, Hawkins and Tipson, Kelsey Industries, Liner Concrete Machinery, Muirhead, Pentland Investment Trust, Ransome Hoffmann Pollard.

Finals: Barr and Wallace Arnold Trust, Chamberlain and Hill, Coalite and Chemical Products, John Crowther, *Ever Ready, Frank G. Gates, Hardy and Co. (Furnishers), Hartwells Group, Investment Trust Corporation, Ozalid, Walter Runciman, Seccombe Marshall and Campion, Time Products.

FUTURE DATES

Interims—	
Dundee and London Invest. Tst.	June 10
Fitzwilton	May 22
Investors Capital Trust	June 26
Land Investors	June 3
Northern Foods	May 22
Trafalgar House Investments	May 22
Finals—	
Allen (Edgar)	June 24
Bonas Webb	*May 30
Dyson (R. A.)	May 22
Geers Gross	May 30
Haslemere Estates	June 18
Highgate Optical and Indust.	May 23
Leisure Caravan Parks	May 21
Lovell's Shipping and Transport	May 22
Monks Investment Trust	May 29
Moss Bros.	May 23
Tern Consulate	May 21

* Amended.

SOME RETURN AT BOUGAINVILLE

Production has been resumed on a reduced scale at the Rio Tinto-Zinc group's big Bougainville copper-gold mine in Papua-New Guinea after it had been halted by last week's rioting by employees. A spokesman at the Panguna site said that half the 4,200 workforce had turned up for duty following the previous six-day closure.

It is understood that more than 700 mineworkers who had been held on charges related to last week's riots have been released by the authorities and that the police are withdrawing charges of riotous behaviour against all but the known ringleaders.

The situation is now reported as being quiet and, according to the police, all the released detainees have gone to their homes. It is not yet known, however, whether they will return to work to-day. A stake of 53.6 per cent. in Bougainville copper is owned by Conzinc Riotinto of Australia, the shares of which were 183p cum-premium yesterday. Those of RTZ closed at 210p.

SHERRITT IS EARNING LESS

Net earnings of Canada's Sherritt Gordon Mines in the first quarter of 1975 were $5.7m., equal to 45 cents a share, compared with $9.5m., or 75 cents, in the same period of last year. A record $1.81 a share was earned for the whole of 1974 when dividends totalled a best ever 75 cents. The reduced first quarter profit reflects what are described as dramatically lower prices from copper sales partially offset by increased zinc production and a strong performance from the company's fertiliser operations.

Once again Sherritt's president Mr. David D. Thomas fulminates against Manitoba's mineral policies which among other things have halted the company's exploration operations in that province. Joint venture arrangements proposed by the Government are "commercially unacceptable." The company is not prepared to bear more than half the costs in order to retain a 50 per cent. interest. Mr. Thomas also gives some frightening details about the impact of Manitoba's new royalty tax provisions.

He has some favourable news, however, about the start-up operation of the Marinduque nickel refinery in the Philippines which is stated to be progressing satisfactorily with the production of high-purity nickel increasing steadily as additional units come on stream. The first shipment has been made and over 2m. pounds of nickel produced.

GOLD OUTPUT

South Africa's gold production continued to recover last month. Figures issued by the Chamber of Mines of South Africa show an April output of 1,907,340 ozs compared with 1,859,099 ozs in March. Even so, the total for the past four months of 7,414,049 ozs still lags behind the 8,272,396 ozs produced in the same period of 1974.

ROUND-UP

One man has been killed and 20 others injured in fighting involving Basuto miners at the Landau colliery of South African Coal Estates, a company in the Anglo American Corporation group. A company spokesman could give no reason for the outbreak of violence which he did not think stemmed from inter-tribal friction. There was only a small turn-out for yesterday's morning shift at the colliery.

Australia's Norseman Gold Mines reports an unaudited loss of $33,332 for the half-year to December 31 compared with $0,121 for the same period of the previous year to last June when the total loss came out at $131,000 before an extraordinary loss of $1.83m.

A "solid improvement" in 1975 earnings is anticipated by Australia's Southland Mining. Hit by poor performance by the meat subsidiary, the past year's operating profit has fallen to $272,087 from $481,272 and it excludes an extraordinary loss of $1.47m. on the revaluation of the investment portfolio and other assets.

Laporte profit cut warning

ECONOMIC conditions remain difficult and it is impossible to forecast current year results of Laporte Industries (Holdings) but the directors expect them to be lower than those of 1974.

They stress, however, that the international spread of the business gives some protection against a particularly bad recession in any one country. Also the company has a strong technological base and operates mainly in specialised chemical areas.

As reported on May 8 group pre-tax profit increased from £7.33m. to £9.55m. in 1974—a good year for the company, but most of the progress was made in the first half of the year when demand for its products abroad was strong, the directors state.

The company is feeling the effects in many sections of the business of the down-turn of international trade in the latter half of the year.

Action has been taken to adjust to the impact of circumstances beyond the directors' control, and to ensure that when trading improves, "we will again be in a position to advance and make the most of the opportunities which lie ahead."

Accounts adjusted for inflation show external sales historical £60.8m. (£50.1m.) and CPP £66.9m. (£62.5m.); and pre-tax profit CPP £7.7m. (7.6m.).

A geographical split of product sales shows (£000's omitted) U.K. £29,789; other Europe £14,515; Africa £1,904; North America £1,939; South America £2,338; Asia £2,114; Australia £8,038.

During the year there was a decrease of £4.48m. in cash resources (£5.06m. increase).

Meeting Chartered Accountants Hall, Moorgate Place, E.C., June 12, noon.

Usher Walker confident in long-term

Turnover for the first four months of 1975 at Usher-Walker has improved, says the chairman Mr. S. C. Biggs, but business volume has declined due to reduced consumption by customers in the printing and packaging trades and the loss of newspaper production due to industrial disputes.

The group's liquid position remains good and attention is still being given to stock inventories and customer credit control to preserve this situation.

In 1975, higher wages, raw material prices, and overhead costs will have to be faced, and the chairman gives no forecast of the final trading outcome. However, he remains confident in the long-term strength of the company.

As reported on May 14, pre-tax profits advanced from £336,499 to £477,222 in 1974, and the dividend is the maximum permitted 2.444p (2.2475p) net.

Exports increased by £102,000 in 1974 but so far in the current year, exports are lower due to reduced consumption by overseas customers, foreign import restrictions and the high price of certain key raw materials in this country compared to other European countries.

At the year-end Daily Telegraph held 15.48 per cent. of the Ordinary capital. The group makes printing inks and rollers.

Meeting, Connaught Rooms, W.C., on June 12 at noon.

Estates & Gen. confident

Commenting on the proposed takeover by Estates and General Investments of a private concern, County and Suburban Holdings (in what is effectively a reverse takeover), Estates chairman, Sir Leonard Dyer, says in his latest annual statement that the "logical interlocking of the two groups will produce a unit with rewarding long-term prospects."

Earlier in his statement with the report and accounts for 1974, Sir Leonard says that following the bombings at Arnott's Belfast store figures for the company's claim are now essentially agreed and "now await the Northern Ireland Government's unhurried attention."

Shareholders have also been sent a document outlining details of the proposed takeover of County and Suburban in exchange for the issue of 5.55m. shares. An extraordinary meeting to approve the deal will be held on June 12, the same day as Estates' annual meeting will be held in London E.C.

ANZ Bank forecasts profit rise

ON GROSS income up by 35 per cent., unaudited consolidated profit after tax of Australia and New Zealand Banking Group for the half year to March 31, 1975, is per cent. higher than the previous corresponding period, the directors announce.

And in the absence of unforeseen circumstances, year-end profits will show an increase over 1973-74, they forecast.

Interim dividend is up from 4.5p to 4.7p net. For the full year to September 30, 1974, dividends totalled 9.092p and net profit £12.7m.

In their interim statement, the directors report that profit from banking operations was 13 per cent. lower than in the previous corresponding period, reflecting the increases in deposit interest rates paid coupled with a continuing rise in the proportion of interest bearing deposits, and considerably higher operating costs. An increase of 48.7 per cent. in profits was achieved by Esanda, following the strong growth in net receivables.

Statement Page 26

Barclays National progress

Net profit of Barclays National Bank, of South Africa, increased from R10.48m. to R13.08m. in the first half to March 31, 1975 and the directors expect the 12-month total to exceed the previous year's R23.34m.

At the pre-tax level, profit for the half-year expanded from R17.44m. to R20.81m. and the tax charge was up from R6.97m. to R7.73m.

Stated earnings per share are 32.7 cents (25.8 cents) and the interim dividend is 8.5 cents (7.5 cents).

The directors state that the results of Western Bank, which was acquired in March, will be consolidated from April 1. It is unlikely to show a profit in its first-half as a subsidiary, they add.

MINET BUYS

Minet Holdings has acquired 60 per cent. of the share capital of a small firm of investment managers and financial planning advisers, for a consideration which cannot be less than £70,000—to be satisfied in shares—or more than £125,000, dependent on profits for years 1975 to 1977.

Royal Insurance

The Royal Insurance Company has taken advantage of the recent reversal in the movement of interest rates and has announced increases in its immediate and guaranteed annuity rates by an across the board £8 per annum for each £1,000 outlay. Now an investment of £10,000 will secure an annuity of £1,791.30 per annum for a man aged 65 or £1,542.60 per annum for a woman aged 60, payments being made at six monthly intervals.

Short and medium-term interest rates have been falling steadily since the beginning of the year and only recently has the trend been reversed. Life assurance companies have been forced to progressively reduce their annuity rates as the interest rates fell. Now more companies are likely to improve their rates once again in line with the movement of interest rates.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
—	F.P.	—	£56	£22½	Bell Canada ($25)	£32½	−1	—	—	—	—
a	F.P.	—	£22¼	[illegible]	Cont. Aust. Ins. $US1	£21⅜	+¼	$1.8	—	5.7	—
‡142	Nil	30/5	105	28	Deelkraal Gold Mining	90pm	+17	—	—	—	—
:	F.P.	—	124	130	Hewitt New Northern	101	−3	—	—	—	—
140	70	20/6	107	74	Rank "A"	105	+7	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
£100	F.P.	—	100½	98⅝	Agricultural Mortgage 11% 1979	99	−⅛
£100	£10	—	11⅝	11⅛	Colne Valley Water 9% Red. Prf. 1980	11¼	...
‡£100	nil	—	26	21	Gestetner "A" 10% Conv. Uns. '90/95	26pm	...
$98	F.P.	—	$97	$96½	Granges 9½% Bonds 1985	$97	+½
£97¾	£40	—	39¼	37	GLC 13½% Stk. 1982	37½	...
a	F.P.	22/6	100	100	Greenwood & Batley 10% Uns. 1976	100	...
£99	F.P.	30/5	102¼	98½	Lincoln Corp. 13% 1980	100	...
‡£99	F.P.	30/5	105½	101	Mid-Kent Water 10% Prf. 1980	104½	...
—	F.P.	23/5	[illegible]	[illegible]	Mid-Southern Water 10% Prf. 1980	105	...
$100	F.P.	...	$100½	$100½	Norsk Hydro 9¼% Bds. 1985	$100½	...
£100	Nil	21/5	11½	n	N. Atlantic Secs. 10% Cnv. 85-90	11¼pm	−¼
$98	F.P.	—	$98	$96½	Ottawa-Carleton 9% Deb. 1990	$98	+1
$99	F.P.	—	$101	$99½	Papua New Guinea 9¾% Guar. 1985	$100	...
‡£76	F.P.	—	105½	100	Rickmansworth & Uxbridge 10% Prf. 1980	104½	...
£100	F.P.	30/5	155	122	Slough Estates 10% Conv. Uns. '87/90	153	+2
£99½	£45	1/8	46¼	43½	Southend-on-Sea 12¼% 1981	43½	...
£99	F.P.	11/4	105	99	S. Staffs. Water 10% Prf. 1980	104½	...
**	F.P.	18/4	105	101	Sutton District Water 10% Prf. 1980	104	...
—	F.P.	14/2	86	60	Worth (Bond) 12% Conv. Uns.	86	+2½
‡£100	£50	2/10	87	67	Yorks Chems. 12½% Conv. Uns.	80	+5

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Dates †		Stock	Closing Price p	+ or −
100	Nil	—	—	Ash & Lacy	16pm	+1
55	F.P.	16/5	2/7	Associated Biscuit	66	...
10p	F.P.	15/5	16/6	Aurora Holdings	13	+¾
60	F.P.	11/4	23/5	Barratt Devs.	105	+4
35	Nil	—	—	Cadbury Schweppes	10pm	+2
10p	F.P.	2/5	30/5	Croda Int.	67	...
65p	F.P.	19/5	10/6	Delta Metal	68½	+2½
$1.20	Nil	—	—	EZ Inds.	69pm	−1
53p	F.P.	2/5	23/5	Fothergill & Harvey	68	...
175	F.P.	19/5	20/6	Guest Keen	254	+16
Dm90	Nil	—	—	Hoechst	70pm	...
125	Nil	—	—	Linfood Hldgs.	42pm	...
100	Nil	—	—	Manbre & Garton	31pm	+1
60	Nil	—	—	Martin Black	38pm	+3
60	F.P.	16/5	13/6	Morgan Crucible	96	...
[illegible]	Nil	—	—	Richard & Wallington	19pm	+6
36	F.P.	1/5	27/5	Rolls-Royce	61	+7
Kr60	Nil	—	—	S.K.F. "B"	200pm	...
95	Nil	—	—	Simon Eng.	13½pm	+4½
77	F.P.	12/5	6/6	Spirax-Sarco	108	...
90	F.P.	22/4	23/5	Streetley	118	+3
125	Nil	—	—	Tarmac	19pm	+4
190	F.P.	29/4	1/5	Tube Invs.	286	+6
25	Nil	—	—	Western Selection	10pm	...

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p** Pence unless otherwise indicated. u Forecast dividend, cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ‡ Offered to holders of Ordinary shares as a "rights." ♥ 250 S Afr cents. ‡ Rights by way of capitalisation. † Tender allotment price. ♦ Reintroduced. ‡ Issued in connection with reorganisation, merger or take over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). ‡ Provisional or partly-paid allotment letters. ‡ With warrants.

BIDS AND DEALS

SMC gets two offers and recommends Adwest's

BY DAVID BELL

SOON AFTER the Myson Group, a major producer of central heating systems, made a £2.6m. bid yesterday for Sealed Motor Construction, the Board of SMC announced that it was recommending shareholders to accept a rival offer from the Adwest Group.

SMC shares reacted strongly to news of the two offers and rose 11p to close at 45p. Myson put on 2p to close at 80p, while Adwest closed down 3p to 120p.

Myson is offering three Ordinary shares for every five SMC shares and based on a middle market price for each Myson share of 78p the offer places a value of 46.8p on each share in SMC, one of the largest producers in the world of circulating pumps for domestic and industrial purposes.

Adwest, which is an engineering group, is offering 40p nominal of a new 10.5 per cent. Convertible Loan Stock 1995-2000 for each 10p Ordinary share in SMC. The new loan stock will be convertible into Ordinary Adwest shares in the years 1978-1983 on the basis of one Ordinary share for every £1.45 nominal of stock. Adwest is to issue £2.2m. of this new stock.

Myson already owns 13 per cent. of SMC and the directors of SMC have a beneficial interest of 9.9 per cent. or 544,588 shares in their company. A further 10.1 per cent. is held on behalf of them and their families by trustees are bound by law to take undertaken to accept irrevocably the Adwest offer in respect of their beneficial holding, but the trustees are bound by law to take a decision "in the best interest of the beneficiaries."

Myson believes that its experience in the production of "environmental equipment" makes it the ideal partner for SMC, particularly as the only gap in its product range has been the kind of circulating pumps that SMC produces.

But Adwest considers that SMC will enable it to extend the range of products they are able to offer to the building industry while protecting SMC from any sudden fluctuations in demand. Adwest maintains that it is more broadly based than Myson and thus better able to withstand the cyclical nature of the heating business.

See Lex

BROOKE BOND

Brooke Bond Liebig has reached an advanced stage in its discussions with the Sri Lanka Government which has expressed interest in acquiring the three tea estates of the Galaha Ceylon Tea Estates Company. These discussions have received the full approval of the Board of Galaha.

Brooke Bond said the decision to sell its remaining tea properties in Sri Lanka was taken some time ago. Nationalisation of one of the estates last year aggravated the problems of operating a group of small and widely dispersed estates which have barely broken even for the last five years. The three estates produce less than 1 per cent. of Sri Lanka's tea.

The Brooke Bond Liebig Group owns 65 per cent. of the shareholding in Galaha and it is unlikely that any proceeds will be remitted from Sri Lanka.

DUPLE SALE

Duple International has contracted to sell its 50 per cent. interest in Kitchen Queen for £350,000. Purchaser of 35 per cent. is a private company controlled by Mr. Neville Johnson, chairman and managing director of Kitchen Queen, and the remaining 15 per cent. has been bought by Mr. John E. Hall and Mr. G. R. Littman on behalf of Mr. Johnson's family.

A sum of £100,000 has already been received and the balance, which is "adequately" guaranteed is payable between August 1975 and August 1976. In the annual report for the year to August 31, 1974, the directors expressed the opinion that the value of the investment at that date was £400,000. Proceeds will be employed in reducing group borrowings.

BOOKER IN £1.3M. PURCHASE FROM J. LYONS

Booker McConnell has reached agreement with J. Lyons and Company to acquire the assets of eleven of the wholesale depots of Lyons subsidiary, Patrick Grainger and French. The consideration will be £1.3m. payable in cash, plus stock and debtors at valuation, and the transfer will take effect on Monday, June 30, 1975.

This acquisition by Booker McConnell will further strengthen the operations of Booker Belmont Wholesale, which trades as Alfred Button and Sons in the south-east of England; Gardners (Bristol) in the south-west of England and Wales; Arthur Richardson and Son in the Midlands and James Harper and Son (Edinburgh) in Scotland.

BERWICK TIMPO EXPANSION

Berwick Timpo has acquired for a consideration not exceeding £10,000 the capital of Park Toys of Wrexham.

Park will require some £150,000 of additional working capital over the next 18 months and, subject to holders' approval, arrangements have been made to raise this sum by means of a placing of 500,000 new Ordinary shares of Berwick Timpo at 30p per share.

Subject to this issue taking place, and in order to facilitate the raising of this capital, Berwick has received Treasury consent to an increase in total dividends for 1975 to the equivalent of 3.75p per share gross. This represents an increase of 66⅔ per cent. over those paid for 1974 and 48 per cent. over the current statutory limit.

ASSOCIATES DEALS

S. G. Warburg on May 13 sold on behalf of an associate 20,000 Reed International at 278p.

Bell Houldsworth, on behalf of associates, bought on May 1 2,200 N. Greening at 22½p, on May 2 5,000 at 23½p and on May 5 1,000 at 23p.

Hill Samuel, on behalf of Aktiebolaget Svenska Kullagerfabriken, purchased 60,000 Sheffield Twist Drill and Steel on May 14 at 60p.

Powell Popham Dawes purchased on behalf of an associate of Wadham Stringer 250,000 Wadham.

L. Messel sold 10,000 Croda International at average 65½p for an associate of Croda.

HELENE OF LONDON

In a letter to shareholders dealing with the proposed acquisition of Great Moor Fashions, the Board of Helene of London says that in view of the expansion of the company during the past few years they consider it to be appropriate to increase the company's borrowing powers. They intend to ask shareholders to approve an increase in borrowing powers from the current formula of twice the paid-up share capital and reserves to 10 times paid-up share capital and reserves, so increasing the company's limits from approximately £2m. to £10m.

The Board adds that there is at present no intention to increase materially the company's borrowings. At April 30, 1975 the company had bank loans and overdrafts of £1.47m.

GT. PORTLAND ESTATES PURCHASE

Great Portland Estates announces the purchase from Aylestone Investments of the latter's leasehold interest in 75-77, Margaret Street, W.1.

Consideration involved for the 939-year unexpired lease is 275,000 Ordinary shares of 50p each which puts a value of around £675,000 on the deal.

NTHN. GOLDSMITHS

Northern Goldsmiths Company, Newcastle upon Tyne, has acquired for cash Bracher and Sydenham, high class Reading jewellers established in 1790. This brings the number of shops in the group to 24 and it is intended the expansion programme will continue.

VENDOPS

Vendops, of Manchester, (in the Blackwood Hodge group) has purchased Gobin Automatics, vending operators, of Darlington.

Averys expects further progress

ALTHOUGH FORECASTING is difficult, Mr. R. C. Hale, chairman of Averys has confidence in the fundamental strength of the group and believes that further progress will be made in the current year.

In the principal activity—weighing machines—strong demand, particularly overseas, took the company into 1975 with a healthy order load which was even higher in value than that at the start of the previous year. Orders for the year to date are still holding up well and continue to be export led. In the much smaller general products division the situation is not so healthy and the outstanding load and current order input is *not satisfactory, says Mr. Hale.*

Overall sales are running at a higher level than last year but costs continue to rise rapidly and erodes the competitive position abroad.

During the past year the pace of metrication remained sluggish in the U.K. and it is now unlikely that there will be significant acceleration of the change to metric before 1978.

The Post Office has announced that it will make the change this autumn, and the chocolate and sugar confectionery manufacturers have planned to encourage confectioners to convert by the end of 1976. These developments will, it is hoped, belatedly stimulate the whole metrication programme now in its tenth year.

In the international division much of the metrication work has been completed. However, Australia and New Zealand are now in the process of retail metric conversion and slow but steady progress is being made with the metrication programmes in Nigeria, Singapore, Malaysia and Pakistan.

As reported on May 7, group pre-tax profit increased from £7.45m. to £8.13m. in 1974 and the dividend is 4.3428p (4.0408p) net per share.

Power shortages in India and adverse changes in the currency rates of Australia, New Zealand and South Africa caused the trading profit of the overseas companies to fall below the record of 1973. The improvement in profit came from the home companies but was a result of increased exports.

There was a decrease in cash balances of £455,000 (increase £399,000) and a reduction in short-term investments of £215,000 (£2,390,000).

Meeting, Warley, West Midlands, June 10 at 12.15 p.m.

Chairman's Statement Page 31

Tysons (Contractors)

Mr. W. L. Tyson, the chairman of Tysons (Contractors) says that it is difficult to envisage profits being maintained at their current level in view of the recent temporary recession in the construction industry, the effects of which are likely to affect 1975 results.

He does not, therefore, make a forecast but he is "reasonably confident," he tells members.

As reported on April 26, taxable profits expanded from £499,467 to £601,732 in 1974, the dividend is 1.75p (1.3p) net.

Mr. Tyson points out that as a result of the satisfactory trading results in recent years it has been possible to improve the joinery work and plant depot in order to house those operations in a more efficient manner.

Meeting, Liverpool, on June 13, at noon.

Chairman's Statement Page 28

Wheway indicates £0.85m.

UNAUDITED FIGURES of chainmakers, engineers and forgers, Wheway Watson Holdings indicate a pre-tax profit of £850,000 for the year to March 30, 1975, compared with £515,192 for the previous year, on a turnover up approximately 40 per cent. at £7.89m.

The profit increase is in line with the forecast of a substantial increase made at the half-way stage when profit advanced from £226,298 to £322,226, on sales of £3.39m. (£2.61m.).

Production and sales during the second half resulted in a marked improvement compared with first six months. Audited figures are expected to be announced on June 13.

HELLENIC AND GENERAL TRUST

Hellenic and General Trust announces that at an EGM resolutions were passed for a scheme of arrangement. The scheme which is still subject to approval of the court, involves the cancellation of the Ordinary shares in consideration of a payment by Hambros Limited of 48p in cash for each share.

INTERIM STATEMENT

BARLOW RAND LIMITED

(Incorporated in the Republic of South Africa)

EXTRACT FROM INTERIM REPORT TO SHAREHOLDERS
FOR THE SIX MONTHS ENDED 31ST MARCH 1975

CONSOLIDATED PROFIT

The unaudited consolidated results of Barlow Rand Limited and its subsidiaries for the six months ended 31st March, 1975, together with the results for the same period last year and the audited results for the year ended 30th September, 1974, are:

	Six months ended 31st March 1975	Six months ended 31st March 1974	Year ended 30th Sept. 1974
	R000's	R000's	R000's
Turnover (excluding Inter Group)	386,844	323,378	683,913
Profit before taxation	49,980	40,799	93,028
Taxation	15,069	13,022	29,610
Profit after taxation	34,911	27,777	63,418
Attributable to outside shareholders in subsidiaries	5,865	4,880	9,487
Consolidated profit after taxation	29,046	22,897	53,931
Dividends paid and declared:			
Preference	22	22	45
Ordinary	6,897	6,798	19,606
Number of ordinary shares upon which earnings per share are based (calculated proportionately in respect of shares issued during the period)	98,523,000	97,068,000	97,525,000
Earnings per ordinary share based on consolidated profit	29.5 cents	23.6 cents	55.3 cents
Dividends per ordinary share	7.0 cents	7.0 cents	20.0 cents
NOTE—Earnings per share arising from share transactions (less amounts written off investments) included in consolidated profit after taxation and outside shareholders' interests	0.4 cents	0.1 cents	0.4 cents

TRADING CONDITIONS AND PROSPECTS FOR THE YEAR ENDING 30th SEPTEMBER, 1975.

The Chairman's Statement accompanying last year's Annual Report, which was published in November, dealt with the slowing down of the economy already evident at that time. Because of the importance to us of expenditure in the public sector, it forecast that conditions would remain reasonably favourable for the first half of this year, but anticipated reduced business in sectors such as house building and in consumer durables, particularly motor cars and "white" goods.

The past six months' trading, which benefited from the follow through of conditions in the previous year, has been very much in line with these predictions. A high rate of inflation, tight monetary conditions and high rates of interest have resulted in a slow down in consumer demand and lower profits have been earned in the building materials, household appliances and packaging divisions of the Group, as compared with the six months ended 31st March 1974. *All other divisions have continued to trade at a high level and have earned increased profits.*

It is not expected that general trading conditions will improve during the coming six month period, and on this assumption it is anticipated that the rate of increase of profit for the period will not be as high as that achieved in the first period. Television receiver manufacture has proceeded according to plan, and with the start of the SABC test transmissions, it is hoped that sales in the industry will steadily increase. It is still too early to predict what contribution this division will make to Group profits in this financial year.

FINANCE

The Group faces considerable capital expenditure over the next few years in the expansion of its coal interests, where Witbank Colliery has been awarded an Escom contract in alloy and steel manufacturing, in television manufacture and distribution, and in other divisions.

The commitments for capital expenditure at 31st March 1975 amount to R56,195,000 (31st March 1974: R15,887,000; 30th September 1974: R35,220,000). The major portion of this amount is in respect of expenditure on mining projects which will be spread over a five year period.

Long and medium term loans to cover this expenditure have been negotiated and facilities have been arranged to cover the substantial orders we have on hand for heavy equipment, particularly Caterpillar products, using the export assistance schemes available in countries from which we import.

DIVIDENDS

A preference dividend of 6 per cent. for the half year ended 31st March, 1975, has been declared and paid.

An interim ordinary dividend of 7.0 cents per share (1974: 7 cents) has been declared and a formal notice of this declaration is published herewith.

For and on behalf of the Board,

C. S. BARLOW,
Chairman.
A. M. ROSHOLT,
Vice-Chairman and Chief Executive.

ORDINARY DIVIDEND NO. 91

Notice is hereby given that ordinary dividend No. 91 of 7.0 cents per share has been declared as an interim dividend payable to shareholders registered in the ordinary share register of the company at the close of business on 30th May, 1975.

The transfer books and registers of the company in Johannesburg and London will be closed from 31st May to 6th June, 1975, both days inclusive. Dividend warrants will be posted to shareholders on or about 25th July, 1975.

This dividend is declared in the currency of the *Republic of South Africa and the rate of* exchange at which the dividend will be converted into United Kingdom currency for the payment of dividends from the London transfer office will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 4th July, 1975.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident shareholders' tax has been imposed on dividends payable to:

(a) Persons other than companies not ordinarily resident nor carrying on business in South Africa, and
(b) Companies which are not South African companies and are not carrying on business in the Republic

and the company will accordingly deduct the tax from dividends payable to shareholders whose addresses in the share register are outside South Africa.

By Order of the Board,

W. C. WARRINER,
Group Secretary.

Registered Office:
33 de Beer Street,
Braamfontein,
2001—South Africa.
(Postal:
P.O. Box 4862, Johannesburg
2000—South Africa.)
16th May, 1975.

United Kingdom Registrars:
Lloyds Bank Limited,
Registrars' Department,
The Causeway,
Goring-by-Sea, Worthing,
Sussex, BN12 6DA,
England.

APPOINTMENTS

ARA

Astral Recruitment Associates

Chief Financial Executive

c. £11,000

A member of an international group engaged in the design and manufacture of equipment for the petrochemical industry, now seeks to secure an experienced Financial Executive. As well as performing the tasks implied by the title, the man appointed will be prepared and able to actively participate in the general management of the business, particularly in the vital area of contract negotiations. *Prospects for* progression at an international level are excellent.

Candidates should be aged between 35 and 45, chartered accountants, with experience of chief or deputy chief financial executive in a medium to large Contracting organisation, preferably with an international involvement. A knowledge of currency exchange regulations, and experience in raising loans by selling ideas and projects to Banks and fund raising institutions are essential. Language capability in at least French and German would be a decisive advantage.

The post is located in London. In addition to salary, negotiable around £11,000, there is a range of additional benefits in line with those associated with a major international organisation.

Replies (which will be handled with complete discretion) should be addressed in the first instance to Robin Whitmore, Senior Associate Executive Search, Astral Recruitment Associates, Astral House, 15-19 Maddox Street, London W1R 0EY.

Search. Selection. Recruitment Advertising

Female Personnel Officer

Our client, a leading Merchant Bank in the City, member of the Accepting Houses Committee, seeks a professional Female Personnel Officer to succeed the *current holder of this well-established position.*

Reporting to the Staff Manager, the Female Personnel Officer is responsible for the recruitment, well-being and career development of some 250 female staff and, particularly, for the provision of efficient secretarial and typing services. She is part of a highly competent and well-integrated department and enjoys the support of enthusiastic colleagues.

The position calls for a mature, experienced and intelligent woman with obvious initiative and energy. Candidates should have a proven record of success in this field and, possibly, have spent some time as a recruiting or counselling specialist. The successful candidate will also be able to show that she can meet, calmly and constructively, the challenge presented by urgent personnel problems in a business like this.

The rewards for this demanding position are considerable in terms of job satisfaction, personal development and financial compensation.

A substantial salary, with subsequent progression taking full account of achievement and merit, is offered; in addition, there is a mortgage subsidy scheme, free life and medical insurance, non-contributory pension *scheme, holiday bonus, Luncheon Vouchers* and generous holidays.

In the first instance, please write in complete confidence giving career details to:—
K. W. Anderson (Ref. AF/2234)
JONATHAN WREN & CO. LTD.
Banking Appointments,
The White House,
15 Fish Street Hill,
LONDON EC3R 6BP.

Replies will be forwarded to our client unopened; please state in a covering letter any companies to whom you do not wish your application sent.

General Manager

C.W.S. Drinks Group • c. £10,000 p.a.

co op

Within the Co-operative Wholesale Society Limited this appointment reports to the Controller of the Food Division. *It calls for a senior line manager with* extensive marketing experience from a manufacturing company in the food or toiletries industries whose national branded products are marketed aggressively through mass distribution retail channels. His record of success in business development, his demonstrable commercial flair and financial acumen, will now equip him for profit-responsible general management of a national £50m. operation. Aged at least 37, he will be a graduate and/or hold a relevant business qualification.

The C.W.S. Drinks Group comprises, first, a Wines & Spirit business, buying, importing in bulk and blending table and fortified wines which are marketed as bottled branded products to the U.K. Retail Societies. There is increasing business in contract bottling and distribution on behalf of other national manufacturers. Second, there is a major Soft Drinks operation with factories and depots throughout the U.K., and a fleet of 700 vehicles, which supplies the majority of Retail Societies' requirements under the Co-op label; there is also a developing private label sector.

The General Manager will control an integrated management team and will be responsible for all aspects of the business from buying to positioning the finished packaged product in the retail store. Significant growth, backed by capital investment, has been achieved in the '70's and the Group is now well equipped to exploit new marketing opportunities. Headquarters are Manchester.

Please write in confidence to H. C. Holmes, Bull, Holmes Ltd., whose company is advising the C.W.S. on this appointment, at, 45 Albemarle Street, London W1X 3FE.

Bull Holmes

Credit/Research analysts

Morgan Guaranty, one of the world's leading international banks, require two analysts to join a young group involved in the evaluation of new and existing business and varied research projects.

One of the vacancies calls for a well qualified analyst with analytical experience in either stockbroking or banking. This is a senior appointment offering a competitive salary which will depend on experience.

For the other vacancy we require a less experienced candidate, perhaps a recent graduate. The starting salary will be around £3,000.

Both posts carry substantial fringe benefits including a profit-sharing bonus, low-cost mortgage facilities, season ticket loans, and free life insurance, pension and BUPA plans.

Please write or telephone for an application form to Ron Binham, Morgan Guaranty Trust Company of New York, 33 Lombard Street, London EC3P 3BH. Telephone 01-283 8888, Extension 590.

Morgan Guaranty
Trust Company of New York

DOCUMENTATION CLERKS with Shipping or Commodities experience, £3,000-£4,000 p.a. plus. Also trainees Charterhouse Appointments. 01-836 2377.

INSTITUTIONAL SALESMAN with experience of N. American stocks for City Bank. Salary c.£5,000. Write Box T.4113, Financial Times, 10, Cannon Street, EC4P 4BY.

GOURMET

GALLIPOLI RESTAURANT off Old Broad Street, EC2. Open every day for lunch, dinner and dancing until 3 a.m. Cabaret twice nightly 10.30 p.m. and 1.15 a.m. Mon. to Sat. £5.75. Tel. 588 1922.

LARGE CONTINENTAL
STEEL TUBE STOCKHOLDER
WITH INTERNATIONAL SALES
requires a

Top Manager

to head linepipe sales operation

Good international connections are essential as is a working knowledge of the German language. Preference will be given to those applicants with experience in Steel Tube Stockholding.

Working conditions, salary, benefits, etc., will be on a level with the best in this industry.

Please apply in first instance, giving brief details of education and career to date, including present salary, to:—MR. P. R. EDWARDS (Consultant on the appointment, c/o Arthur Young McClelland Moores & Co., Moor House, London Wall, London, EC2Y 5HP.

Please state on outside of the envelope Firms to whom you do not wish your application sent. This will be destroyed unopened.

MAJOR FIRM OF LONDON STOCKBROKERS
with large international business
has a vacancy for an

EXPERIENCED INVESTMENT ACCOUNT EXECUTIVE

Competent to handle home and overseas bank and trustee investment enquiries. Specialisation in market sectors encouraged. Remuneration according to experience, non-contributory pension fund operative. Write in the first instance with details of experience to Box A.5066, Financial Times, 10, Cannon Street, EC4P 4BY.

GENERAL MANAGER

required to start up and run joint English/Danish company in the insulation field. Marketing and financial experience essential. Knowledge of construction or allied industries useful. Must be capable of earning £10,000 p.a. and be ready to start almost immediately.

For appointment please phone Miss Pink, Scandinavian Homes, Winchester 68655

EDUCATIONAL

MONTE ROSA INTERNATIONAL SCHOOL

Montreux Switzerland

Monte Rosa is a co-educational boarding school with students from 9-19, especially catering for those students who wish to study in Europe to complete their High School education prior to entering a British, American or Canadian University. This school is a centre for these examinations and tests, though Commercial and Business Courses are also available. Classes are extremely small and the staff well qualified. Excellent sports programme and excursions throughout the year. Holiday language courses: July-August.

For prospectus, apply Headmaster of the English-speaking Section.

CLASSIFIED ADVERTISING RATES

	Per single column centimetre		Per single column centimetre
Appointments	£7.75	Business Opportunities	£9.50
Industrial and Business Property	£7.75	Educational	£7.75
Residential Property	£7.75	Motors	£7.75
		Hotels and Travel	£7.75

The minimum depth of display advertisements and of boxed classified advertisements is: Three single column centimetres. Larger advertisements are only accepted in multiples of whole centimetres.

Premium positions available—rates on request. Write to: Classified Advertisement Department, Financial Times, 10, Cannon Street, EC4P 4BY.

CONTRACTS AND TENDERS

INVITATION TO BID
FOR CONSULTING ENGINEERS
FOR REMOTE CONTROL PROJECT IN SYRIA

The Syrian Petroleum Company invites for offers from prospective contractors for Consulting Engineers to work in co-operation with the Oil Company's Engineers for the supervision and control of the execution and installation of an advanced Remote Control System for the supervision and control of the Oil Wells and gathering stations in Rumailan Oilfields in the north-east of Syria, with the following conditions:

1. Bid Bond Guarantee: 1% one per cent of the value of the offer.
2. Performance Bond Guarantee: 5% five per cent. of the value of the Contract.
3. Place of work: Damascus and the Oil Fields.
4. Period of Contract: 18 (eighteen months).
5. Delay Penalty: 0.02% two per thousand for each day of delay.
6. Last date for submission of offers: 16th June 1975.

Any one wishing to submit an offer must contact Syrian Petroleum Company. P.O. Box 3378 Damascus Syria—Purchasing Department, to obtain the Tender Book which will be sent by airmail, free of charge.

General Director of
the Syrian Petroleum Company
ENG. ISSA IBRAHIM YOUSSEF.

CORPORATION LOANS

13%
Min £500
Interest payable on Maturity

INVEST IN
HUNTINGDON DISTRICT COUNCIL
BONDS
Repayable 30 September 1977
Details from Huntingdon District Council
Finance Department
Castle Hill House
Huntingdon
Tel. (0480) 54337 ext 29

COMPANY NOTICES

TRIO KENWOOD CORPORATION

(Formerly Trio Electronics Inc.)

At a general shareholders' meeting, held on January 18, 1975, the name *of the above company was changed to:—*

TRIO KENWOOD CORPORATION

As a result of the company's change of name, E.D.R. holders should present or send their certificates to:—

NAME	ADDRESS
Chemical Bank	10, Moorgate, London, EC2R 6DD
Chemical Bank	Bockenheimer Landestrasse 218, 6 Frankfurt-am-Main 4, Germany.
Banque Lambert-Luxembourg	11, Boulevard Grande-Duchesse Charlotte, Boite Postale 1702, Luxembourg.
Pierson Heldring & Pierson	206-214 Herengracht, Amsterdam, Holland.

in order to have their certificates overstamped with the new name at the expense of the company.

The overstamped certificates will be returned to the holders within fourteen days by Registered Mail, with appropriate insurance, free of charges, at the Address indicated.

After a period of six (6) months from the date of this publication, the E.D.R.'s will only be negotiable at the Luxembourg Stock Exchange if overstamped.

The new restated Articles of Incorporation and Bye-Laws of Trio Kenwood Corporation will be lodged with the Chief Registrar of The District Court of Luxembourg where they will be available for inspection and where copies thereof may be obtained upon request. The same documents are also available for inspection at the offices of the above mentioned Banks, where copies of the *latest Financial Statement of the Company may be obtained.*

CHEMICAL BANK
For the Company.

Dated: 20th May, 1975.

VOTING NOTICE TO THE HOLDERS OF
EUROPEAN DEPOSITARY RECEIPTS FOR COMMON STOCK OF

SHARP CORPORATION

(Formerly Hayakawa Electric Co., Ltd.)
(Sharp Kabushiki Kaisha)

DESIGNATED COUPON: NO. 24

(Action Required on or Prior to May 27th, 1975)

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of July 15 1969, among Hayakawa Electric Co., Ltd. (now Sharp Corporation and hereinafter called the "Company") the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that the Custodian under such Deposit Agreement has received notice of a general meeting of stockholders of the Company to be held in Osaka, Japan, on May 30th, 1975. *

The following, taken from the notice of the general meeting to be given by the Company, are the matters to be voted on at such meeting:

1) Approval of the Business Report, Balance Sheet, Statement of Income and proposed appropriation of retained earnings for the 81st Business Period. (From October 1st, 1974 to March 31st 1975)
2) Partial amendment of the Articles of Incorporation.
3) Election of 17 Directors.
4) Election of 2 Auditors.

Such notice and the report or reports to be delivered in connection therewith together with English translations of both will when received be available for inspection at the office of the Depositary in London and the office of any of the following Subdepositaries:

SUBDEPOSITARIES

The Fuji Bank, Limited,
Dusseldorf, Germany.
Kredietbank S.A. Luxembourgeoise,
Luxembourg City, Luxembourg.
Pierson Heldring and Pierson,
Amsterdam, The Netherlands.

Voting rights under such Deposit Agreements may be exercised through the Depositary by holders of Coupon No. 24 by completion of the form of proxy instruction for the matters to be voted on. Such form of proxy instructions is available at the office of the Depositary in London or any Subdepositary listed above and provides also for instruction to the Depositary to give a discretionary proxy to a person designated by the Company.

The Depositary will endeavour to vote the Common Stock represented by a Receipt as instructed if such form of proxy instruction, properly completed and accompanied by Coupon No. 24 detached from such Receipt, is received by the Depositary or any such Subdepositary on or prior to May 27th, 1975.

In the absence of instructions by holders of Coupon No. 24, the Depositary may, upon request of the Company in appropriate situations, give a discretionary proxy to a person designated by the Company, but no representation is made that it will do so. The Depositary is not permitted by such Deposit Agreement to give a discretionary proxy in the absence of instructions from coupon holders with respect to any propositions (1) as to which the Depositary has knowledge of any substantial contest as to the action to be taken at the meeting or (2) for the purpose of authorising a merger, consolidation or any other matter which may affect substantially the rights or privileges of Common Stock or other securities on deposit with the Custodian under such Deposit Agreement.

CHEMICAL BANK, as Depositary,
10, Moorgate,
London, E.C.2, England.

Dated: May 20th, 1975.

* March 31st, 1975 has been established as the record date for the determination of the stockholders of the Company entitled to notice of and to vote at such meeting. All Receipts issued in respect of Common Stock not entitled to be voted at such meeting will be without Coupon No. 24 attached.

Honda to raise some $78m outside Japan

BY MARGARET HUGHES

HONDA, THE world's largest motor cycle manufacturer which is also making inroads into the car market with its Civic low pollution subcompact range, plans to raise some $78m. outside Japan to assist in the financing of its three year investment programme. This was revealed in London to-day by the company's executive vice-president Kihachiro Kawashima.

In the three year period to March 1978 Honda anticipates a total fund requirement of $414m. (Y120bn.). About two thirds of this, amounting to $269m. will come from depreciation of $166m. and retained earnings of $103m.

This leaves a shortfall of $145m. which will have to be raised externally. A total of $39m. of this has already been raised with $14m. (Y4bn.) coming from a domestic issue in March of this year and $25m. from the five year note issue last month which was placed almost entirely in the Middle East.

The company has authorisation to raise a total of $42m. (Y12bn.) on the domestic market (including the $14m. already raised) and Mr. Kawashima confirmed to-day that it would be utilising the outstanding authorisation to raise another $28m. (Y8bn.).

But this still leaves Honda with the task of raising another $78m. of required funds which Mr. Kawashima said would be obtained outside Japan. Plans for raising this amount have not been finalised he said, adding that the company wishes to take "a wide range of factors into consideration" and make its decisions "as timely as possible."

The obvious alternatives would appear to be of some form of borrowing on the U.S. market or on the Euromarkets. Mr. Kawashima declined to say which source of finance would be used but the consensus of opinion among brokers specialising in Japanese stocks favours Euromarket borrowing.

Honda will be using $396m. of the total fund requirement to—in three major areas—expansion of production facilities for subcompact cars and motor-cycles, introduction of labour-saving equipment and rationalisation and the expansion and strengthening of its sales and distribution network. Further expenditure is scheduled for research and development and the expansion of overseas plants.

The company is a major investor overseas with investments outside Japan totalling $101m. to February this year. Currently it has 11 foreign subsidiaries and 30 production centres which it plans to step up to 50 in the "near future." In addition to overseas assembly plants it has also begun production of parts overseas. And it has just put into operation in Indonesia the first overseas plant producing its Civic car models.

One of its current goals is to develop new markets in Eastern Europe and increase sales in the Middle East—where it has already announced plans for assembling trucks and motor cycles—Africa and Latin America, where sales so far have been "at a relatively low level." Apart from the Middle East assembly plant, it is also considering setting up motor-cycle plants in Algeria, Brazil and Peru and car units in Egypt and Saudi Arabia, in addition to the Indonesia project already opened.

Despite the "difficulties and uncertainties facing the automobile industry," Honda is forecasting a 12 per cent. consolidated sales rise in the current year ending August 31 to Y570bn. ($1.97bn.). But consolidated net income is expected to decline by 21 per cent. to Y11bn. ($38m.) from Y13.96bn. last year.

The company's consolidated sales for the six months ended February 28, 1975, rose 11.3 per cent. on the year ago period to $800.99m. but net income was down 35 per cent. at Y3.49bn. ($11.64bn.). A particular problem for the company has been the accumulation of inventories by overseas distributors. Honda currently has the equivalent of six months U.S. sales on its hands in the form of stocks.

But Honda is looking for a recovery in the longer term and expects to have its U.S. stocks build-up down to a more manageable level of three months in the "very near future." For the 1976 financial year it is forecasting a 17.5 per cent. sales rise to Y670bn. ($2.31bn.) and a recovery in consolidated profits to Y15bn. ($52m.) followed in the next financial year by a sales rise of 9.0 per cent. to Y730bn. ($2.52bn.) and profits of Y18bn. ($62m.).

Commerzbank expands abroad; cautious on domestic recovery

BY GUY HAWTIN FRANKFURT, May 19.

SHAREHOLDERS OF Commerzbank, West Germany's third largest bank, were told at the annual meeting that the bank was making considerable efforts to develop its overseas business. New representative offices were being opened in Cairo, Moscow and Djakarta. Performance of the London, New York and Chicago branches made an above-average contribution to the bank's growth in the first four months of 1975.

The balance sheet total of the bank's Luxembourg subsidiary, Commerzbank International, had exceeded the DM.5bn. mark, while the balance sheet total for the group as a whole at the end of 1974 had risen from the previous year's DM.39.1bn. to DM.44.2bn.

It was decided to distribute an unchanged dividend of 17 per cent. or DM.8.50 per DM.50 nominal share. This followed net profits of DM.104m.—only DM.6m. up on the previous year's DM.98m.

The meeting also agreed to an increase of DM100m. in the bank's authorised capital. This is aimed at giving the bank freedom to manoeuvre during the coming five years. Herr Lichtenberg a member of the executive Board said that it had not yet been decided how much of the newly authorised capital would be issued or when the issue would take place. Subscription rights, however, would be offered to shareholders.

Meanwhile the bank forecasts that the return to economic stability in the Federal Republic will take longer than expected. Herr Paul Lichtenberg told the bank's annual meeting that although the Board was confident that the process of economic stabilisation would continue, the way out of the trough "would be less steep."

So far, he said, the bank had seen very little indication that German companies were increasing their interest in investment. The slowdown in the rate of inflation, however, was an encouraging sign. The fact that prices were now rising at an annual rate of not more than 5 per cent. would help the economy to return to normal.

Trends on the West German capital market, according to Herr Lichtenberg, indicated that there was still some leeway for a further lowering of interest rates.

Blohm and Voss sees hard times ahead

BY GUY HAWTIN FRANKFURT, May 19.

BLOHM AND VOSS, the Hamburg shipbuilding and repair group, is preparing for hard times despite an order book which, at the end of last year, stood at DM1.3bn.

According to the concern's chief executive, Dr. Werner Bartels, the executive Board has been aiming to spread the area of risk through a diversification programme. Some DM175m. was earmarked for investment this year of which DM95m. was to be spent in the ship repair sector.

Dr. Bartels said that the increase in demand for large tankers as envisaged in the group's plans published in 1971, had not been realised. The undertaking had concentrated on special shipbuilding, repairing, machinery manufacture and in the new offshore sector.

Net profits for 1974 were up despite a decline in turnover compared with the year before. Last year's net profits totalled DM72m. compared with DM29m. in 1973, while consolidated turnover declined from the previous year's DM611m. to DM546m.

Total output, however, rose 13 per cent. from DM546m. in 1973 to last year's DM617m. The concern's payroll increased 4 per cent. to 6,500 workers, but, at the same time, total personnel costs went up by 19 per cent. to DM220m.

Fagersta investment plans

By William Dullforce

STOCKHOLM, May 19.

FAGERSTA, THE Swedish special steels manufacturer, is investing Kr.55m. (£6m.) to expand its high-speed steel capacity over the next two years. The bulk of the investment (Kr.37m.) will go to a new steel works at Laangshyttan, which will double production of high-speed steel ingots to about 30,000 tons, when it comes into operation in 1977. The melting shop will be equipped with a 25-ton UHP electric arc furnace.

Production of high-speed steel bars at the Oesterby works will be increased by rebuilding the rolling mill at a cost of Kr.11m. Also at Oesterby Kr.3m. will be spent on another forging machine for high-speed steel bars and a rotary heating furnace for the forging press, both to be commissioned this autumn. A further Kr.4.5m. will be invested at Laangshyttan, mainly to increase the annealing capacity at the cold rolling mill for high-speed steel strip.

The new programme follows investment of Kr.40m. in the early '70s, when the specially designed cold rolling mill was installed, making Fagersta one of the world's major producers of high-speed steel strip. In its 1974 annual report the company said it would start a Kr.400m. (£44m.) five-year development programme, despite a fall in new orders during the first four months of this year and the prospect of considerably lower earnings in 1975.

Stora Kopparberg sales increase

By William Dullforce

STOCKHOLM, May 19.

STORA KOPPARBERG, the Swedish steel and forestry industry concern, reports a 7 per cent. increase in invoiced sales in the first quarter of 1975 compared with the corresponding period last year, but inventories increased and markets for most of the concern's products were "sluggish." On Friday the concern announced that production would be stopped for three weeks at its Skutskaar and Mackmyra pulp and paper plants after the mid-summer holiday.

Mr. Erik Sundblad, the managing director, told the annual general meeting last week that expansion of the Skutskaar pulp plant would continue as part of the concern's anticipated 1975 capital investment expenditure of Kr.425m. (£47m.), which would also improve profitability at the Domnarvet steel works.

He warned, however, that Sweden's two-year central wages settlement would entail an increase of Kr.90 (£10) per ton in the cost of Domnarvet steel by 1976 or a 7 to 8 per cent. rise in the sales prices of hot and cold-rolled products.

He also criticised the Government's compulsory investment and environment funds, into which Stora Kopparberg had to pay Kr.122.5m.

New chairman for AIBD

By Mary Campbell

MR. STANISLAS YASSUKOVICH, managing director of the European Banking Company, has been elected chairman of the Association of International Bond Dealers following the retirement of Mr. Peter Sorg at the annual meeting last week. The other members of the newly established executive committee are Mr. A. Rydberg of Scandinaviska Enskilda Banken, Mr. W. Koller of Credit Suisse, Mr. P. Ganschinietz of Westdeutsche Landesbank and Mr. R. Smith of Kidder-Peabody Securities.

Following the annual meeting of the AIBD last week, and the enlargement of the main Board of the association, the five-man executive committee has been set up to be responsible for most of the running of the organisation. The election of Mr. Yassukovich represents a move by the AIBD to become more of a spokesman for the international securities industry in its contacts with other bodies, such as the U.S. bond market and the EEC authorities.

At the meeting last week, new by-laws were introduced to confirm the movement towards a regional structure for the AIBD. Henceforward, elections to the Board will be on a two tier basis, with the regions putting forward candidates for election to the Board by the organisation as a whole.

Canada Life £87m. growth in assets

By Eric Short

THE CONSOLIDATED assets of Canada Life Assurance Company increased by £87m. in 1974 to stand at £719m. at the end of the year. The main aim during the year was to strengthen the security of the asset base in all countries. Cash balances were accumulated to take advantage of the higher interest rates available in 1974.

Total income for the year amounted to £141m., of which £93m. came from premiums and £48m from investments. Payments to policyholders came to £69m. and a further £37m. was set aside for the future security of policyholders. Total benefits under new policies issued in 1974 amounted to £780m. of which £123m. were issued in the United Kingdom and the Republic of Ireland.

From Brussels, David Curry traces the recent achievements and setbacks of Bekaert, the world's largest wire producer

A modest multinational

WHEN BEKAERT went public at the end of 1972 it became one more in the long series of family-dominated Belgian companies to dip its toe into the market. Its reasons were twofold: in the first place the Bekaert family wanted to make its shares negotiable to give itself freedom of financial manoeuvre; in the second, the company itself needed cash for expansion.

The technique chosen was a cautious one: the family sold 11 per cent. of its shares, while the company issued 500,000 convertible debentures to raise money. Each bond of B.Frs.2,400 was issued at B.Frs.2,100, a relatively generous pricing influenced strongly by the previous failure of the chemical company Solvay's public issue—partly through over-pricing.

To-day, despite the depressed levels of the stock market the convertible bonds are still just under issue price while the shares are above it.

Conversion

The performance of its bonds and shares are important for Bekaert because the company is anxious to encourage conversion of the bonds into shares, and has set a conversion period of the next four to five years as the target. If the bonds were fully converted the company would then have around a third of its shares in public hands—very largely small shareholders—the other two-thirds remaining in the family.

The desire to encourage conversion is very much at the back of the Board's mind when it is setting dividend levels, and the hope is eventually to pay a net dividend of B.Frs.120. The company is on the way to that figure, having just declared a B.Frs.105 net dividend for 1974, up from B.Frs.85 the previous year. While there is little prospect of an increase in 1975, given the poor economic conditions, the implication is clear that the Board would probably be willing to dip into reserves to hold the 1975 dividend at B.Frs.105 net.

The sale of shares and bond issue have also had the effect of bringing more attention to Bekaert which, from its main plants and offices in the heart of the flat Flanders landscape near Courtrai, has genuine claims to be considered an important though modest multinational. It is the world's largest producer of wire with extensive interests outside Europe in the Americas.

On the financial front the Bekaert group, which consolidates only companies in which the parent concern has a direct or indirect holding of at least 50 per cent., scored a turnover of B.Frs.22.25bn. in 1974 (£268m.) some 38 per cent. ahead of the previous year's and slightly more if a change in the status of the Venezuelan associate is allowed for. Operating profit was B.Frs.1.9bn. (£22m.) against B.Frs.1.3bn. (£15.6m.) giving net earnings of B.Frs. 803m. against B.Frs.648m. Depreciation was little changed at B.Frs.952m. against B.Frs.915m.

The most important division of the group in turnover terms is the manufacture of wire and wire products, including fencing, and high-carbon steel wire for further processing. This contributed 61 per cent. of turnover last year, a relatively stable proportion over the past few years.

Some 24 per cent. of turnover last year came from the division manufacturing steel wire for rubber reinforcement, primarily steel cord for tyres, again a contribution similar to the recent trend.

The remaining turnover came from the two divisions which are the company's black spots: furniture, which dropped a further point on the previous year to contribute 8 per cent. to turnover; and wire and metal assembly (household articles, wire containers and the like) which also dropped again to 5 per cent.

The picture of the group's activity in geographic terms over the past five years shows a very strong but relatively static position in Europe but a growing interest in the U.S. Over the years since 1972 the proportion of sales within the EEC has remained stationary at 62 per cent. and within the rest of Europe at 10 per cent., reflecting the fact that the company must seek its expansion in this essentially domestic market by pushing into comparatively small sub-sectors. The U.S. generated 20 per cent. of turnover in 1974, up from 17 per cent. over the previous two years while the rest of the world, which in Bekaert's case hinges strongly on South America, contributed 11.11 and 8 per cent. turnover respectively.

Last year was a good one for the company, with the onset of recession around November coming too late to prevent the group recording record profit figures.

The first quarter of 1975 showed profits as good as in the comparable period of the previous year, but this was a somewhat artificial performance since the selling prices of products held up well in comparison with the steep decline in the price to the company of the steel rod which is its basic raw material. In the six months from November the price of bought-in-steel rod went from B.Frs.12,000 (£144) a tonne to B.Frs.8,000. Over the year, if current economic forecasts hold true, the company reckons that a 10 to 15 per cent. profit decline is on the cards.

One important factor will be the level of wage costs. It is now estimated that hourly wage costs in manufacturing industry in Belgium are the highest in the EEC and on a par with those in the U.S. In 1974, global wage cost increases were of the order of 17-18 per cent. with the increase in wages and "social costs"—social security contributions, pension fund payments and the like—up by around 24 per cent. This year the company is hoping for a rise of no more than 15 per cent. in wage and social costs. The exceptional increase of 45 per cent. in energy costs last year is not likely to be repeated.

Bekaert is currently operating at some 60 per cent. of capacity after a sharp further decline in April. However, it now thinks that the floor has been reached. Its own selling prices, while they have declined, are still holding up better than raw material costs. The company is hoping that the limit of destocking has been nearly reached and it is looking for a revival in orders in September or October.

Stock situation

Its own stock situation is likely to improve. The inventories of the parent company at the end of last year were B.Frs.1bn. up at B.Frs.2.95bn. and those of the group up from B.Frs.3.16bn. to B.Frs4.54bn. while receivables were up from B.Frs.1.65bn. to B.Frs.2.96bn. and from B.Frs.3.44bn. to B.Frs.4.43bn. respectively. Over the two years to the end of 1974 group inventories went from 22, through 24 to 30 per cent. of assets and parent company inventories from 21, and 21 again to 29 per cent. The very high level of stocks at the end of last year was due to two factors: the company buys in on three-month contracts and when the recession hit, it still had a number of purchasing contracts to honour which meant a sharp increase in its inventories of steel rods. At the same time the recession left Bekaert with heavier than normal stocks of finished products, particularly in low carbon steel products, plastic coated fencing, heavy welded mesh and stainless steel wire.

The focus of investment is in the U.S. Flanders, a major beneficiary of post-war American investment, is strongly pro-American in its business outlook, and Bekaert shares this attitude. Within five years it expects the U.S. to be absorbing around a third of some annual investment globally of B.Frs.3bn. (£36m.). Some B.Frs.1bn. is already earmarked up to 1978 for the construction of a plant in Arkansas to make agricultural fencing and eventually the company intends to dispose of a full range of basic activities in the U.S. The relative decline of the dollar against the Belgian Franc and the acceleration of wage costs in Belgium has encouraged the company's tendency towards local manufacture.

The company expects to generate funds itself for some two-thirds of its investment, but there is clearly room for increased borrowing should it be necessary. Group long-term liabilities are of B.Frs.1.13bn. against own equity in the group of B.Frs.4.25bn. Parent company own equity is B.Frs.3.84bn. against long-term liabilities of B.Frs.1.52bn. The redemption schedule is not particularly onerous with parent company redemptions between 1976 and 1981 rising steadily from B.Frs.53m. to B.Frs.113m. a year, leaving some B.Frs.999m. to be redeemed after 1981.

The two headaches of the group—though not necessarily splitting headaches—are the furniture and the wire and wire assembly divisions. The Belgian furniture manufacturing company lost B.Frs.44m. in 1974 on a B.Frs.654m. turnover—"without application of depreciation." The French company showed a B.Frs.11m. profit on a turnover of B.Frs.941m. while the Italian operation's functions as a sales company for group products helped it struggle to a B.Frs.6m. profit on B.Frs.355m. turnover.

The wire and metal assembly division continues to be "stubbornly negative," in the words of the annual report, due mainly to the losses of the Dutch company Tomado, bought in 1972 as part of a diversification towards the consumer market. Its operating loss in 1974 was B.Frs.35m. though the sale of property for B.Frs.120m. more than covered the deficit.

The Board says only that it is "aware" of the problems of these two operations and is looking at the options open. It says that it does not preclude any possibility, though the company is clearly reluctant to talk in terms of disposing of the loss-making operations. It may well be that bringing in new partners to provide some added muscle to the operations in an attempt to turn them round may be the first preference of the Board.

Company Results

Sears Roebuck profits plunge

● Sears Roebuck first-quarter earnings to April fell sharply to 32 cents per share ($2) or net of $50.59m. ($128.99m.) on lower sales of $2.83bn. ($2.89bn.). The net for 1974 has been restated for the change to LIFO accounting by certain affiliates.

Chairman Arthur M. Wood said first-quarter sales continued to reflect a sharp business slide which began in the fourth quarter of 1974. Consumer demand for goods has begun to firm up in recent weeks from the depressed levels in the fourth quarter and a gradual upturn is expected for the balance of the year, he said.

By the Christmas quarter, sales will be running significantly above the disappointing 1974 holiday season and will be signalling continued strength for 1976, Mr. Wood forecast.

● Jacques Borel International gross billings during April 1975 were Frs.78.4m. (Frs.62.7m.) an increase of 25 per cent. For the first four months of the year, the gross billings rose by 27 per cent. to Frs.305.1m. (Frs.240.3m.)

The best sectors in France were motorway's, institutional catering and shopping centre activities, though there was a slowdown in the shopping centres which had a growth of 28 per cent. against a budgeted 35 per cent. growth.

● Imperial Cold Storage and Supply taxed profits totalled R7.206m. in the 14 months ended February 28 against R5.572m. in 1973. Turnover rose to R307.977 (215.92m.). Earnings per share were 30.46 (23.12). A final dividend of 9 cents (7) is proposed making 12 (10) for the period.

Chairman I. J. D. Mentzel said due principally to inflation, previous profit margins were not maintained and the trading profit before tax expressed as a percentage decreased to 3.4 per cent. from 4.2 per cent.

● Myer Emporium said profit for the year ended July 31 will fall short of the $A27.54m. 1973-74 after-tax profit. The company said recent Government measures aimed at stimulating the economy could eventually reduce unemployment and restore consumer confidence but as yet there are no encouraging signs of market upturn in real spending. It previously reported a fall in half-year after-tax profit to $A16.37m. from $A17.95m.

● Swiss Life Insurance and Pension Company, of Zurich, recorded a rise in its annual surplus for 1974 of 5.6 per cent. to Sw.Frs.260.5m. (246.7m.), of which Sw.Frs.5m. is to be transferred to the reserve fund and the remainder to surplus reserves. Last year, a sum of Sw.Frs.207.5m. (192.7m) was taken from these surplus reserves for distribution to policy-holders.

Premium income for the year was up by 8.9 per cent. to Sw.Frs.1.34bn. (1.23bn.), with some 69.7 per cent. of premiums being accounted for by Swiss clients, 12.9 per cent. by German policy-holders and the remaining 17.4 per cent. by other non-Swiss clients. Total assets increased last year to Sw.Frs.8.2bn. (7.66bn.).

● Usinor reports a net 1974 consolidated profit of Frs.144m. (Frs.169m.), after payment of the exceptional levy on profits tax of Frs.27.3m. (nil).

Consolidated net 1974 operating profit was Frs.283.9m. (Frs.294.9m.) from consolidated net turnover of Frs.12.34bn. (Frs.8.22bn.). Of the Frs.144m. net profit, the group's share was Frs.139.6m. (Frs.164.5m.).

Provisions for losses and financial costs were Frs.128m. (Frs.72.1m.). Other statistics include: Long and medium term debts Frs.10.22bn. (Frs.6.73bn.); short term debts Frs.5.56bn. (Frs.3.95bn.); steel production 9.52m. tonnes (9.12m. tonnes).

● Linde says that its trading profit less personnel costs in the first quarter of this year rose to DM39.3m., 6.8 per cent. above the same 1974 period.

Group turnover rose 4.3 per cent. to DM257m. New orders fell 3.6 per cent. to DM344m. with domestic orders down nearly 13 per cent.

Linde added that it received a DM250m. order from the Soviet Union for a petro-chemical plant.

● NV Amev expects better results this year, barring unforeseen circumstances. In 1974 the insurance company made an after-tax profit of Fls.36.2m. (36.8m.) on sales of Fls.1.12bn. (998m.).

● OGEM Holding NV expects 1975 results to be little different from 1974.

● Krauss-Maffei AG proposes a 1974 dividend of DM15.90 (DM15.30).

The company is 84.2 per cent. owned by Friedrich Flick GmbH group unit Buderus'sche Eisenwerke. Remaining independent shareholders receive a minimum DM15 dividend calculated according to the average industrial dividend based on Federal Statistics Office figures.

● Kodak (Germany) expects sales to increase around 10 per cent. in the year ending October 31 with virtually no price rises. Investments in the current year will be about Dm.60m. (36.4m.).

Net profit for 1973-74 was Dm.24.2m. (42.8m.) on gross sales of Dm.523.4m. (515.2m.). Balance sheet profit was Dm.35.5m. from which Dm.17.4m. will be transferred to parent company Eastman Kodak with the remaining Dm.18.1m. probably being used to raise current basic capital of Dm.134m., a spokesman said.

Du Pont dividend cut

WILMINGTON, May 19.

DU PONT Company announces that its directors have declared a $1 interim second quarter dividend, down from the $1.25 interim dividend paid in the first quarter.

The company says that net income is continuing at low levels in the second quarter, consistent with the trend of the general economy.

The dividend is payable on June 12 to shareholders on record at May 28.

Reuter

Other News

Hitachi colour TV output

● Hitachi plans to increase colour television production to around 90,000 sets a month from the beginning of June from a little over 70,000 this month, a company spokesman said. Production was held down to between 60,000 and 70,000 a month from January to April because of weak domestic and export demand and the need to cut inventories, he said.

By the end of this month inventories are expected to be down to normal levels of about two months' production, and demand, while still slow, has been picking up, he added.

The spokesman said Hitachi plans to maintain a 90,000 monthly output at least until the end of September. But plans are still not clearly drawn up for October onwards because of uncertainties on how consumer spending will recover.

● Broken Hill Proprietary has received Philippines Government approval to establish a regional office in Manila expected to be operational next month. The office will provide technical service to customers in the Philippines and elsewhere in South-East Asia and will provide additional assistance to BHP products distributor, Ker and Co.

BHP said it also expected to assist in its aim of becoming involved in industrial joint ventures as well as in minerals and oil exploration and development in the Philippines.

● Australia's AMP is purchasing an option held by Comfin Australia on a 1½-acre factory site outside Sydney, for a consideration of $A307,500 cash. The amount represents an overall profit, state Comfin directors.

Comfin recently reported a net profit of $A146,896 at the interim stage. It is currently purchasing in London Consolidated Commercial's 19 per cent. stake in Malaysian Tile, a Singapore public company.

Confidence shaken in Xerox shares

By Jay Palmer

NEW YORK, May 19.

INVESTOR CONFIDENCE in Xerox, once one of Wall Street's most highly rated glamour stocks, has been shaken severely. Since late last week, when the company disclosed that its 20-year streak of rising earnings will be broken later this year, Xerox's share price has fallen sharply in very active trading.

Xerox's unexpectedly gloomy forecast was made public at last Thursday's annual shareholders meeting which, ironically enough, was held in the empty production zones of one of the company's main factories.

Speaking to the assembled 2,000-odd shareholders, Mr. C. Peter McColough formally acknowledged the probability of a "profit decline in the third and fourth quarters of the current year." Despite the 5 per cent. rise in first quarter profits, this Mr. McColough added "means we probably will be able to show little if any growth over the full year."

Since then Xerox's shares have moved steadily lower on the New York Stock Exchange. From $87 early last week, the shares are now standing at $75¾

To-day Xerox announced the introduction of its long-awaited new high-speed computer terminal which prints at 30 characters a second and has special capabilities for drawing charts and graphs. Scheduled for first deliveries within the next few months, this new "3010 communications terminal" will sell at $5,050 or be available for $190 a month on a one-year lease.

Xerox's senior management at the annual meeting refused to comment on the company's recent "consent settlement" with the Federal Trade Commission. This still-pending anti-trust settlement ordered the company to price domestic products separately and open previously classified information to competitors. While in some ways harsher than anticipated, the FTC did however allow the company to retain complete control over its European and Japanese copier interests.

Denying reports that the company's new model 9200 copier is facing consumer resistance Mr. McColough confirmed reports that this product will shortly become the company's most important single product. He also revealed that Xerox is making overtures to get itself removed from the Arab blacklist and that it "may seek to build a plant in Egypt."

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Cocoa price talks open this week

ABIDJAN, May 19.

COCOA PRICE support measures are to be discussed here this week by marketing directors from five major producing countries, reports Reuter.

Represented at the talks, which start on Thursday, will be Brazil, the Cameroons, the Ivory Coast, Ghana and Togo. They will discuss measures to maintain prices at levels acceptable to both producers and consumers, informed sources said. The talks will end on May 28.

Final figures for the Brazilian Bahia 1974/75 cocoa crop have been published by the Bahia Cocoa Trade Commission. The total crop is put at 3,128,215 bags comprising a Temporao crop of 1,514,763 bags and a main crop of 1,613,452 bags.

BCTC statistics for the 1975/76 crop show total sales up to April 30 at 1,155,725 bags and on this basis it is estimated that sales as at last week-end stood at 1,275,000 bags.

Our commodities staff writes: Continuing speculative activity based on reports last week that supplies of physical cocoa available for nearby delivery were tight, lifted the July price by £10 a tonne at one stage. However, profit taking sales met little resistance and prices fell back sharply in the afternoon. July cocoa ended £1.25 *down at £491* a tonne.

Indian jute trade hit by Bangladesh devaluation

BY OUR ASIA CORRESPONDENT

JUTE INTERESTS in India yesterday reacted sharply to the devaluation of the Bangladesh taka and predicted that the move would spell disaster for Indian jute exports.

A statement from the Indian Jute Association said that unless immediate corrective steps were taken to make Indian jute goods more competitive the future of such exports would be sealed.

World trade in jute goods has been so slack this year that the Indian and Bangladesh mills have been undercutting each other's prices to try to pick up the limited amount of business available. The devaluation of the taka, from 18.9 to £1 to 30 *will clearly give the Bangladesh* goods a competitive edge. Until Saturday the taka was at par with the Indian rupee.

Jute goods from both countries are also facing increasingly stiffer competition from synthetic products which have held their prices better in spite of the oil price rises. This month the Indian Government remitted the Rs.200 (about £11) a tonne export duty on carpet backing, but the Indian Jute Mills Association said that this would make the jute price only 1 per cent. cheaper. At 24 cents a square yard, jute carpet backing is much more expensive than synthetic substitutes *which are on sale for* 18 cents.

The association also urged the abolition of the Rs.600 a tonne export duty on hessian, which has also been hit by competition from synthetics.

Incentive

Bangladesh jute, which *accounts for 85 per cent. of all* the country's export earnings, is in a mess. The mills are working at a loss, and some experts are pessimistic that even the devaluation will not allow them to get on an even keel.

As far as raw jute is concerned, the devaluation should enable the Government to pay a higher support price to encourage farmers to grow more of the commodity. In the three years since Independence the price advantage of the spring rice crop has meant that marginal farmers *have switched to rice, and the* jute acreage has declined from 2m. to 1.2m. acres.

But higher support prices and more jute will not be much use if the country cannot sell the fibre. Even with a drop of £20 a tonne in prices the market for raw jute remains sluggish. One *difficulty of which international* dealers have constantly complained is of getting good quality fibre.

The extent of the decline in *the Bangladesh raw jute exports* can be assessed from sales figures for the current financial year. From July to the first fortnight of April Bangladesh sold only 702,000 bales of new season raw jute, compared with 2.54m. and 2.39m. in the two previous years. Even with a carryover of 800,000 bales from the previous season the position was still poor.

Actual exports of raw jute from Bangladesh between July 1, 1974, and April 14, were 1.4m. bales, compared with 1.89m. in 1973-74 and 2.06m. bales in the corresponding period of 1972-73.

The failure of jute in the face of increasing competition from *synthetic fibres will be the main* subject of a meeting of the FAO inter-governmental group on jute kenaf and allied fibres which opens in Rome to-morrow.

New peak for copper stocks

By John Edwards

THE LONDON copper market yesterday shrugged off another substantial rise in warehouse stocks, up by 8,925 tonnes to a new all-time peak of 228,325 tonnes. Cash wirebars closed £1 higher at £545.25 a tonne.

Although the stocks rise was at the top end of last week's forecast, and the Continental holiday kept trading quiet, *there was sufficient speculative* and consumer buying interest.

It is widely felt that the stocks levels are likely to have increasingly little influence on prices in the future, since it is known what proportion are tightly held by owners not prepared to release them until prices move much higher.

Further suspected support buying by the buffer stock of the International Tin Council, both in Penang and London, is believed to be behind the *slight hardening in price. This* offset an increase of 310 tonnes in stocks to 6,020 tonnes.

Talks aimed at negotiating a new International Tin Agreement open in Geneva to-day, but the main interest at present is on the Tin Council meeting on Friday when an explanation is expected to be given about the recent surprise suspension of the buffer stock manager and his deputy.

Producer support buying also held up lead and zinc prices, although lead was under pressure as a result of the fall in stocks—down by 400 to 36,125 tonnes—being much less than predicted. Zinc stocks as expected rose by 3,675 *to 19,700 tonnes.*

LME silver holdings rose by 460,000 to 12,700,000 ounces.

EEC GRAINS POLICY

Plan to lift milling wheat output

BY A CORRESPONDENT

A NEW support system for wheat in the EEC which will be aimed at increasing production of milling quality wheats and decreasing production of purely *feed wheats is to be announced* by the Commission in time for the start of the new cereal campaign in August.

Explaining the move to the convention of international animal feed manufacturers in Venice over the week-end, EEC agricultural commissioner, Mr. Pierre Lardinois, said that the new support system would have to be finalised within the next two months to enable farmers to make their planting plans so that the system could be in operation by August 1976.

The Commission want to change the system of wheat support prices to enable the Community to become more self-sufficient in milling quality wheats, thereby reducing imports from third countries, and to check the surplus of feeding quality wheats building up partly as a result of increased acreages of high-yielding, low-quality varieties.

With last summer's high yields and the cut-back in animal production, the EEC wheat surplus is currently running at nearly 5.5m. tonnes and with the higher intervention prices due to come in in August, the cost of supporting the wheat market could become expensive.

At the moment wheat interven*tion prices make* no distinction between milling and feed quality and this means that the price of feed wheat is kept artificially high in comparison with maize. The two cereals are almost directly interchangeable in most compound feeds but because maize has a higher feed value, manufacturers are still importing large quantities from outside the *Community and the latest import* estimate by the Commission is for 13m. tonnes.

Guarantees

At the moment there appear to be three major possibilities for operating the system. One would be to ban entirely the sowing of *certain varieties not acceptable* for milling.

Another alternative is to leave farmers free to sow whichever varieties they prefer but to guarantee price support only to those varieties acceptable for milling, leaving feed wheats to find their own value against maize and barley. The third possibility is to establish differential guarantees with a much higher level for milling than for feed quality grains.

Whatever system is chosen, it will certainly cause headaches for the European grain and feed trade in its administration. The major stumbling block is to classify by variety since this is probably the most difficult to establish with absolute certainty.

Much depends at the moment on evaluation of a new system of wheat quality testing which has been developed in Germany. This is quick and simple and appears to be accurate and indicates very quickly whether a consignment is suitable for milling irrespective of variety.

If it does work this would make the new scheme much *simpler because Mr. Lardinois is* anxious to point out that he does not expect all farmers to sow only high protein wheats which may give significantly lower yields but to grow more of those which are suitable for the milling process.

● A new soft milling winter wheat of biscuit making quality called *Clement* was launched yesterday by Farm Seeds of Downham Market. It is claimed that the variety, bred in Holland, is high yielding and resistant to all known races of yellow rust in Britain.

Bank to buy Brazilian soya meal surplus

BRASILIA, May 19.

THE FOREIGN Trade Department of the Bank of Brazil (Cacex) will buy up 150,000 tonnes of soyabean meal left over from the last crop, Sr. Benedicto Fonseca Moreira, Cacex director, said here.

Prices will be calculated on average export prices. Cobec, the semi-Government trading company, will export the meal whenever prices become compensatory. The difference between the export price obtained and that paid by Cacex to producers of the meal will revert to the producers, Sr. Moreira said.

Export sales totalling 800,000 tonnes of present crop soyameal have already been registered with Cacex this year, he added.

The decision to buy up last year's soyameal surplus is believed to result from a meeting early last week between Cacex and industry and producer representatives to solve an impasse over internal prices.—Reuter

Banana pact study planned

BY OUR COMMODITIES STAFF

A WORKING PARTY to put together the framework of a proposed world agreement on the banana trade will be convened late this year or early in 1976 by the UN Food and Agriculture Organisation (FAO), it was announced in Rome yesterday. *The initiative represents a new* approach based on co-operation among exporting and importing countries and all important segments of the international banana economy.

It is claimed that exporters got a sympathetic ear from importing countries at a recent meeting (April 29-May 3) in Abidjan, Ivory Coast, of the FAO governmental group on bananas. *The meeting was attended by* 133 delegates and observers from 28 countries — representing in terms of volume more than 95 per cent. of world exports and 80 per cent. of imports.

The exporters argued that social justice required that they receive fair prices on the world market. The importing countries agreed in broad principle, and the group as a whole called upon FAO to convene the working party to take follow-up action.

If agreement is reached on a draft text of a world accord, it would then be submitted to a negotiating conference to be called by the UN Secretary-General.

A disaster — the hurricane *which hit Honduras and Guate*mala in September 1974—reduced the supply of bananas and world prices rose in the third four months of 1975. The Abidjan *meeting* was told by Mr. Albert Viton, of FAO's commodities and trade division.

However, Mr. Viton said, production costs have increased 40 *to 60 per cent. in the last three* years, cost of transportation has soared and yet, even with recent increases, "real prices received by producers and international *marketing organisations are prob*ably lower than those of 15 or 20 years ago."

Grain complaints backed

VENICE, May 19.

SENIOR DELEGATES attending the 18-nation International Feed Grains Congress here this week-end said they believe the quality of U.S. grain needs to be *improved, reports Reuter.*

The major problem at present is that the U.S. gives certificates of quality on despatch and foreign buyers have no redress if the goods delivered are sub-standard, they said.

Recent buyers claims of off-grade U.S. grain deliveries to eastern Europe and Italy are not unfounded they said, adding that they want to persuade the U.S. to strike contracts based on *quality at discharge point to* avoid problems.

Delegates said they deplore violent feedgrain market price fluctuations in Chicago and else*where, but said they believe* speculative pressure will linger in the absence of mutual trust between the inter-dependent mainly U.S. animal feedstuff suppliers and their European clients.

They said they are pressing for firm understanding with U.S. suppliers on quantity, quality and price, and they would welcome contracts rather than promises.

Malaysia and Indonesia in rubber talks

JAKARATA, May 19.

THE MALAYSIAN Primary Industries Minister, Datuk Musa Hitam, has conferred with Indonesian trade minister Radious Prawiro on ways of setting up an international rubber buffer stock, according to Government sources here, reports Reuter. Datuk Musa is also scheduled to meet finance minister Ali Wardana.

The Association of Natural Rubber Producing Countries at a meeting in Kuala Lumpur recently recommended the formation of the buffer stock and the setting up of a supply rationalisation scheme.

Concern over U.K. food waste

BY PETER BULLEN

THERE ARE signs that housewives are trying to cut down on the amount of food being wasted in the home, the Ministry of Agriculture said yesterday. But overall, the U.K. is still wasting about 25 per cent.—or between £2bn. and £3bn.-worth—of its food supplies every year.

In the annual report* of the National Food Survey Committee *out to-day it is suggested that* the rising price of food is prompting housewives to avoid some of the waste in the home. However, between the farm gate *or the dockside waste is bound* to occur and even in wartime a large percentage of home produced and imported food has to be written off as wasted, says the Ministry.

The report on domestic food consumption and expenditure in 1973 highlighted the fact that despite a 5½ per cent. rise in real incomes in the year, less than ½ per cent. went on all food purchases which included domestic food buying plus spending on foods outside the survey such as café meals, sweets, chocolates and soft drinks.

The real growth in consumption had been concentrated on alcohol, durable goods, especially cars, petrol and oil, and colour television and other electrical goods, women's clothing and appeared to have taken place partly at the expense of consumption of food, says the report. Other factors could have been the emphasis on less wastage of food and possibly a decline in the need for food in to-day's more mechanised conditions.

This showed at least "signs of affluence" and indicated that people were certainly not going hungry in 1973, it was claimed in Whitehall. A widening in the gap between expenditure on food by higher income households and low income families was noticed *in 1973 and increased spending* on non-food items was put forward as the possible reason.

There was a sharp rise in food prices during the year. Expenditure on food for the home rose by 13.8 per cent. to £2.74 per person a week, almost half the extra being on meat, meat products and poultry. As the general level of food prices rose by 14.3 per cent. there was a fall of about ½ per cent. in the real value of household (as opposed to overall) food purchases per head, despite a continued upward trend in the real value of convenience foods purchases.

The energy content of the household diet declined by 40 kilocalories per person between 1972 and 1973 but it was still 4 per cent. above the level recommended by the Department of Health.

* *Household Food Consumption and Expenditure: 1973, SO, £2.33.*

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Marginally firmer on balance on the London Metal Exchange. With interest on a reduced scale owing to the holiday on the Continent, prices were initially a shade easier in part reflecting the further rise in warehouse stocks, which, although in line with expectations, added to the already record total figure. Forward metal traded down to £561 but subsequently picked up owing to stop-loss buying and speculative demand coupled with modest U.K. consumer interest. A firmer than anticipated U.S. market in the afternoon took the price up to £568 before it ended at £567 on the afternoon Kerb. Turnover, including carries, 18,055 tonnes.

Amalgamated Metal Group reported that in the morning cash wirebars traded at £545, 45.5, three months £561. Cathodes: cash £553, three months £551. Kerbs: Wirebars: cash £542, three months £561. Afternoon: Wirebars: cash £545.5, three ...

... attributed to buying on behalf of the buffer stocks. Turnover 515 tonnes.

Morning: Standard: three months £3,015, 16, 17, 19. High Grade untraded. Kerbs: Standard, three months £3,015. Afternoon: Standard: three months £3,016, 19, 20. High Grade untraded. Kerbs: Standard: three months £3,022.

LEAD—Irregular. Despite the smaller than expected fall in warehouse stocks, ...

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	2961.2	......	2963.7	+1
3 months	3019-20	+.5	3020.2	+2
Settlem't	2962	......	—	.....
Standard				
Cash	2961-2	......	2963-7	+1
3 months	3019-20	+1.5	3020-2	+4
Settlem't	2962	......	—	.....
Straits E.	15858	+2¼	—	.....
New York	—	......	348.5	+1.5

COFFEE

SILVER

COCOA

RUBBER

SUGAR

FREIGHTS

GRAINS

MEAT/VEGETABLES

WOOL FUTURES

JUTE

LONDON—Quiet. Bangladesh White "C" grade May-June £224.00, "D" grade May-June £214.00. A long ton.

CALCUTTA—Steady. Indian May-June Rs.465. Dundee Daisee May-June Rs.425 values. A bale of 400 lbs.

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 265 tonnes, reports F. W. Tattersall. Scattered operations in Middle Eastern varieties were again reported, coupled with some support in Latin and Central American. The call from spinners showed some curtailment of interest and yarn sales remained desultory.

★

GRIMSBY FISH—Supply good, demand fair. Prices per stone at ship's side, unprocessed: Shelf cod £1.50-£2.10, Codlings £1.20-£1.60; Large haddocks £2.30-£2.80, Medium £2.00-£2.60; Plaice (all sizes) £2.50-£3.00; Skinned dogfish £4.00, Medium £3.50; Coalfish £1.00-£1.10; Rock £1.20-£1.40; Red 80p-£1.00.

★

SOYABEAN MEAL—Close: Aug. 68.30-68.40, Oct. 69.00-69.20, Dec. 70.00-70.10, *Feb. 71.90-72.10, April 73.60-73.80, June* 75.40-75.50, Aug. 76.50-76.60. Business: Aug. 68.0-66.3, Oct. 68.7-65.9, Dec. 69.6-70.0, Feb. 71.9, Aug. 7.6. Turnover 45 (46) lots of 100 tonnes.

No wool floor price decision

CANBERRA, May 19

THE AUSTRALIAN Cabinet again failed to discuss Agriculture Minister Ken Wriedt's proposals on the 1975-76 Australian Wool Corporation floor price level at to-day's meeting, reports Reuter.

This is the second successive Monday Cabinet meeting at which the floor price has been listed for discussion but not reached due to pressure of other business.

PRICE CHANGES

Prices per ton unless otherwise stated.

	May 19 1975	+ or —	Month ago
Metals			
Aluminium (a)	£395	....	£578.5
Free market cif.	£270-280	....	£285-285
Copper §			
Cash Wire Bars (a)	£545.25	+1.0	£590.75
3 month do. do. (a)	£564.25	+0.75	£578.75
Cash Cathode (a)	£535.75	−0.75	£550.5
3 months do. (a)	£554.25	+1.25	£568.5
Gold......Troy oz.	$168.25	+2.25	$165.25
Lead Cash (a)	£182.25	+0.25	£198.25
3 months (a)	£181.125	−2.125	£196.875
Nickel (a)	£1,680	....	£1,880.a
Free market cif (lb)	$1.75-1.9	+0.075	$1.75-1.9
Platinum (b) troy oz.	£87-71.5	....	£87-71.5
Free Market	£65¼-67¼	+0.5	£67.85
Quicksilver (76lb) (c)	$152-157	....	$155-145
Silver Troy oz.	200.5p	+7.6	191.25p
3 months	208.6p	+7.9	185.05p
Tin Cash (a) §	£2,965	+1.0	£2,996
3 months (a)	£3,021	+4.0	£3,025
Wolfram 22.04lb. cif	£41.5-4.0	−0.25	£41-44
Zinc Cash (a) §	£322.25	+2.75	£332.5
3 months (a)	£315.75	+1.0	£328.25
Producers (a)	£360	....	£360
Oils			
Coconut Malayan	£175	....	†
Groundnut			
......	£486	....	£406
Linseed Crude (a)	£467		†
Palm Malayan (a)	†		
Soyabean (a)	†		
Seeds			
Copra Philipp ton	$335	+5	$390
Gr'nuts Nigerian	†		
Linseed Can. No. 1	£170	....	£181.5
Grains			
Barley EEC	£49.75	+0.2	£48.75
Homes Futures	£49.9	−0.05	£48.95
Maize			
French No.3 Am.	£52.0	....	£51.25
S.A. Yellow Flint	59.5	....	†
Wheat			
No. 1 Red Spring	†	....	†
No.2 Hard Winter	63.6	....	†
Australian (f.a.q.)	†	....	
English Milling	£52	....	£52.5
Cocoa Shipment (a)	£562	+2.5	£544.5
Futures July (a)	£491.0	−1.25	£503.25
Coffee Shipment (c)			
Futures July (U lb)	£431.25	+2.75	£418.25
Cotton 'A' Index cent	54.5	+0.3	52.85
Jute LJ ABWC (d)	£224	....	£244
Rubber......kilo	26.5p	....	25.15p
Sisal EA3L (a)	£850	....	£850
Sugar	£174	....	£260
Wooltops 64s......kilo	197p	....	183p
Cloves (Madagaska)	£2,350	....	£2,350
Pepper White......ton	£865	....	£830
Black......ton	£685	....	£675

* Nominal. † Seller. § Unofficial close. ♣ Indicative price. *b* U.K. and Commonwealth refined. *c* Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. *d* Bangladesh white "C." ‡ Unquoted. *a* Seller's quotation. *h* January. *k* Jan.-Feb. *u* Metric tons. *r* Jan.-March. *v* February. *s* Feb.-March. *t* Nov. *q* May-June. *w* Nov.-Jan.

Prices per ton unless otherwise stated.

INDICES

FINANCIAL TIMES

May 19	May 16	Month ago	Year ago
163.91	163.16	166.19	213.74

(Base: July 1, 1952=100)

REUTER'S

May 19	May 16	Month ago	Year ago
1076.2	1075.9	1082.2	1346.3

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	May 19	May 16	Month ago	Year ago
Spot	274.45	271.32	306.98	332.93
Futures	264.76	263.48	289.79	299.26

(Average 1924-25-26=100)

MOODY'S

Moody's	May 19	May 16	Month ago	Year ago
Spie Commty	736.8	730.6	748.5	793.9

(Dec. 31, 1931=100)

U.S. Markets

Commercial pricing puts up grains

NEW YORK, May 19.

SILVER ADVANCED on trade buying and copper closed higher despite new record high LME stocks. Active commercial pricing in maize, wheat and beans rallied Chicago grains markets. Sugar closed slightly higher in light trading. Cocoa rose higher on short covering and scale-up buying, Bache reports.

Cocoa—Ghana spot 62½ (62). Bahia spot 56¼ (55). May 53.55 (52.65), July 46.65 (47.95), Sept. 46.60, Dec. 46.90, March 47.00, May 47.25 nom., July 47.45. Sales: 1,154.

Coffee—Spot Santos No. 4 unquoted (same), Colombian Mams unquoted (same), "C" Contract: May 50.00 nom. (50.60), July 53.20-52.65 (51.95), Sept. 54.15-54.10, Nov. 55.35 nom., Dec 55.40-55.50, March 56.20, May 56.00 bid. Sales: 296.

Copper—May 55.90 (56.20), June 55.90 (55.30), July 56.40, Sept. 57.50 settlements. Sales: 890 lots.

Cotton—July 45.30-45.35 (46.05), Oct. 46.35 (47.12), Dec. 47.08, March 47.95, May 48.55-48.60, July 49.35-49.45, Oct. 49.50 bid. settlements. Sales: 1,350.

♦Gold—May 168.20 (166.20), June 168.60 (166.90), July 169.660, Aug. 170.90, Oct. 173.00, Dec. 175.20, Feb. 177.40, April 179.60, June 181.80, Aug. 184.00 settlements. Sales: 1,242.

Greasewool—Spot 134.0 nom. (133.0 nom.), July 134.0-135.0 (134.0), Oct. 137.0-141.0 (139.0), Dec. 141.0-145.0, March 141.0-148.0, May 142.0-149.0, July 142.0-150.0, Oct. 142.0 bid.

†Lard—Chicago loose 25 nom. (25½ nom.). NY drummed 31 nom. (30 nom.).

††Maize—May 276½-277 (273), July 272½-273 (268), Sept. 262½-262, Dec. 249-248½, March 254-253½, May 257-256½.

‡Platinum—July 152.30 (153.50), Oct. 156.10 (155.60), Jan. 159.30, April 163.60, July 166.00, Oct. 168.30-168.50 settlements. Sales: 221.

‡‡Silver—Spot 462.00 (453.00), May 466.90 (461.30), June 468.20 (462.50), July 471.20, Sept. 477.70, Dec. 487.20, Jan. 490.10, March 496.40, May 502.60, July 508.70, Sept. 514.80 settlements. Sales: 5,063.

*Soyabeans—May 528-529 (522), July 515-513½ (507½), Aug. 506-506½, Sept. 499-496, Nov. 490-498½, Jan. 505, March 514-513, May 519, July 524-525, Aug. 526½.

bSoyabean Meal—May 126.30-126.50 (121.00), July 123.50-123.00 (120.90), Aug. 124.00, Sept. 124.50-125.50, Oct. 126.50-127.50, Dec 129.00-128.50, Jan. 131.00-131.50, March 134.00-134.50.

Soyabean Oil—May 23.25-23.15 (23.12), July 22.20-20.30 (22.28), Aug. 21.55, Sept. 20.90-20.85, Oct. 20.20, Dec. 19.75-19.65, Jan. 19.25-19.30, March 18.90-18.95, May 18.40-19.50, July 18.05, Aug. 17.70-17.90.

Sugar—Spot 16.73 (17.00), July 16.90-16.85 (16.40-16.55), Sept. 16.45-16.55 (16.05-16.10), Oct. 16.30-16.20, Jan. 15.68 nom., March 15.70-15.65, May 15.46 nom., July 15.29 nom., Sept. 15.05-15.15, Oct. 14.90-15.00. Sales: 2,771.

Tin—320.0-367.0 nom. (320.0-364.0 nom.).

**Wheat—May 323½-324 (312), July 326½-325 (308½), Sept. 329-329½, Dec. 335-337½, March 344.

Canadian markets were closed because of Queen Victoria's birthday.

All cents per pound ex-warehouse unless otherwise stated. *Cents per 60-lb bushel ex-warehouse. ♦$ per troy ounce—100-ounce lots. † Chicago loose $'s per 100 lbs — Dept. of Ag. prices previous day. ...

COPRA—Philippine June to August $335 nominal per tonne c.i.f. north European ports.

PALM OIL—Aug. £172-£167, Oct. £171-£163, Dec. £169-£160, Feb. ... £169-£155 ... Closing ...

FINANCIAL TIMES REPORT

Tuesday May 20 1975

Amsterdam

Amsterdam celebrates its 700th anniversary this year. In this Financial Times Report MICHAEL van OS, our Amsterdam Correspondent, looks at the city's history, its recent development, its problems and its aspirations.

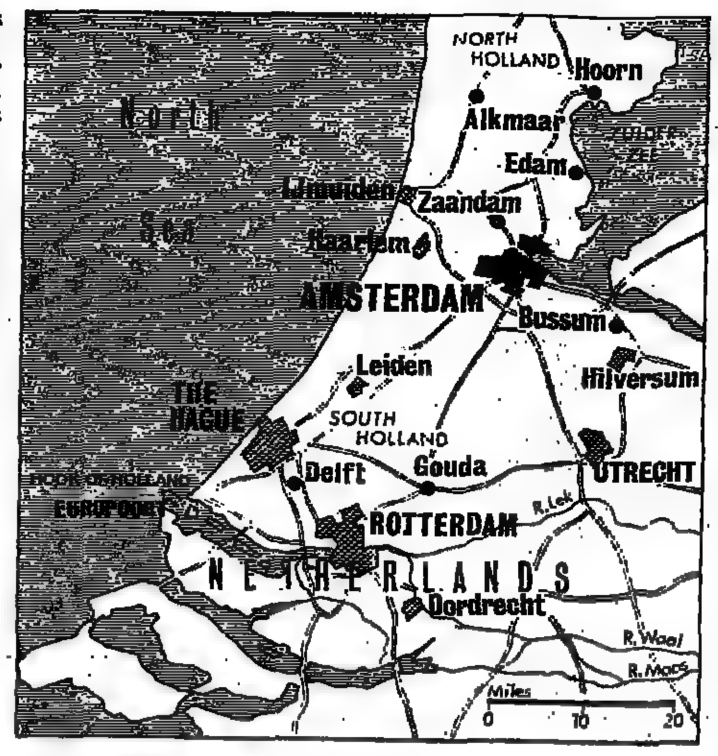
Taking stock of the future

AMSTERDAM IS currently in the middle of its 700th anniversary celebrations. But 1975 also looks like becoming a difficult year with a threatened further decline in tourism on which the city is so dependent, a slackening of business activity as a result of the recession and various political upheavals.

The thousands of tourists—the city now lies in fourth place among Europe's top destinations after London, Paris and Rome—will remain unaware of most of Amsterdam's problems. To them, the Dutch capital will always remain the lively and colourful city of tree-lined canals which features so many beautifully preserved 17th century houses. And the traditionally easy-going atmosphere is still there.

However, Amsterdam has always been difficult to govern and there are plenty of problems currently being dealt with. This year at least the emphasis is on the celebrations and the varied festivities. The 700th anniversary also coincides with European Architectural Heritage Year. It was a happy choice that Amsterdam, one of Europe's best preserved cities, should have been selected as the venue for the international congress in October to mark the highlight of the Heritage Year. Amsterdam has been chosen as "pilot city" in the "Monument Year" and the restoration of a large number of monuments has been accelerated to be completed this year. Of the many projects a major one is the famous round Lutheran church on the Singel Canal. Parts of the old working class area, Jordaan, will also be restored.

The theme of the anniversary celebrations is "Amsterdam, living, working and playing." Amsterdam began with a proclamation from Count Floris V, who on October 27, 1275, granted exemption from tolls to the citizens of the small fishing village near to-day's Dam and thus laid the basis for Amsterdam's growth and prosperity.



Conferences

Special information booths are scattered throughout the town, containing information about the concerts, plays, exhibitions and sports and other activities taking place this year. At the International RAI Congress Centre, several international conferences are planned as well as an old Amsterdam exhibition. To be held next month, this will feature houses, costumes and customs of the 17th century, Amsterdam's golden age. The annual Holland Festival of concerts, ballet and theatre productions promises to involve even more international celebrities this year than usual.

All in all, Amsterdam has polished itself up and is determined to make its 700th birthday a great success. And apart from taking the minds off some of the daily problems, such success is badly needed. For the city's local tourist office and the incoming tours organisers there are hopes that the celebrations will help to halt the disturbing decline in visitors, which has mainly been brought about by the economic recession over the past 18 months. The fall in the flow of American tourists, which has also affected other European cities, has been particular painful for Amsterdam. Tourist officials are hoping for a strengthening of the dollar later this year when the U.S. economy is expected to improve. They are also hoping that the steady increase in visitors from other European countries will snowball with Amsterdam-700.

Any increase in tourism will be essential for the hotel sector, which is in a fairly bad way at present. Competition among the hotels is intense and many are reported to be making losses or are up for sale. The management of the famous Krasnapolsky Hotel said in the annual report just out that, according to official estimates, the number of total overnight stays in Amsterdam had fallen by nearly 7 per cent. last year. This year at least four major new hotels are being opened, which means an increase of some 20 per cent. in the number of better-class hotel beds available.

Many young tourists will be disappointed to hear that the internationally famous open-air "hotel," the Vondelpark, has been "closed." They will no longer be allowed to sleep in the park in their sleeping bags or in any other public places now that the city has stopped the experiment. Certain parts of the centrally-located park used to serve as open-air dormitories for travellers from many countries. No camping was allowed, but there were a number of mobile washing facilities and first-aid centres, which also aided people with drug problems.

The city has provided alternative accommodation for the young, mainly in the form of so-called "sleep inns" where there is virtually no charge. This experiment has been abandoned not so much because of complaints from local Amsterdammers who thought the park was being abused but due to the large increase in petty crime in the park. More important still was the growing drug problem. The city has had to admit publicly for the first time that the foreign hard drug business had discovered Holland, and Amsterdam in particular. The probable reason was the city's known liberal attitude to soft drugs. There are also reports that a large Chinese drug smuggling ring is using Amsterdam as a central point for its European activities.

Concern

There is also growing concern among the burghers of Amsterdam about the growth of petty crime in general, notably thefts and break-ins. Bank robberies, a novelty a few years ago, are now a regular occurrence.

Some more adverse publicity has followed the stiff local opposition to the construction of Amsterdam's underground railway. This necessitated the demolition of a large number of old residential blocks in the Nieuwmarkt area not far from the central station.

There were some fierce and bloody clashes in March between police and some 100 Nieuwmarkt residents who had refused to move out. Many of the protestors had moved to the area fairly recently to settle in old houses which had been vacated by the original tenants who had been offered alternative housing. The squatters had renovated many of the houses, spending considerable sums. They, and several sympathetic action groups maintained that their was no economic need for the underground and had also proposed an alternative route. They had always refused to believe the municipality's promises that new housing would be built again after the Metro had been completed.

Housing in general is a problem in Amsterdam. Much of the housing in the centre, outside the canal area, is old and in need of renovation or rebuilding. Although this is top priority for the Socialist parties in power, funds are lacking. There is also some local opposition to the modernisation plans by residents who fear that the new housing will be too expensive to live in.

In common with other large Dutch cities, Amsterdam's population has been declining for several years. There has been a steady exodus of people looking for better and more spacious accommodation, leaving the elderly behind. Many more Amsterdammers will eventually move out to new towns such as Almere or to rapidly expanding older towns in the north such as Purmerend. The Bijlmermeer housing project just outside the city is only one-third full and has failed as a new housing experiment. Its twisting maze of multi-storey concrete blocks has become a symbol of barren, anti-social housing. Few Amsterdammers now wish to live there and many immigrants from the Dutch West Indies have moved there instead since it is one of the few places where housing is readily available for them.

There are few problems in the canal area, where the planning and building regulations are very strict. As a result many of the old canal houses have been beautifully modernised, albeit at great expense. But the orginal inhabitants have left and there are now only prestige offices or expensive flats. Most of the old warehouses have now also been converted.

There is great uncertainty about whether the centre of Amsterdam will eventually become traffic free. This is something that various action groups and political parties have been pressing for some while. Central Amsterdam has become very congested and many of the original trading companies have had to move out to the outskirts. The situation has worsened with the gradual introduction of special tram lanes, cutting the road space even further. Since new parking garages are now being added, the feeling is that the municipality is content to allow the traffic to become so bad that cars will be forced to stay away. It is feared that this will be to the detriment of the city function, and some critics are already saying that Amsterdam is rapidly becoming a museum.

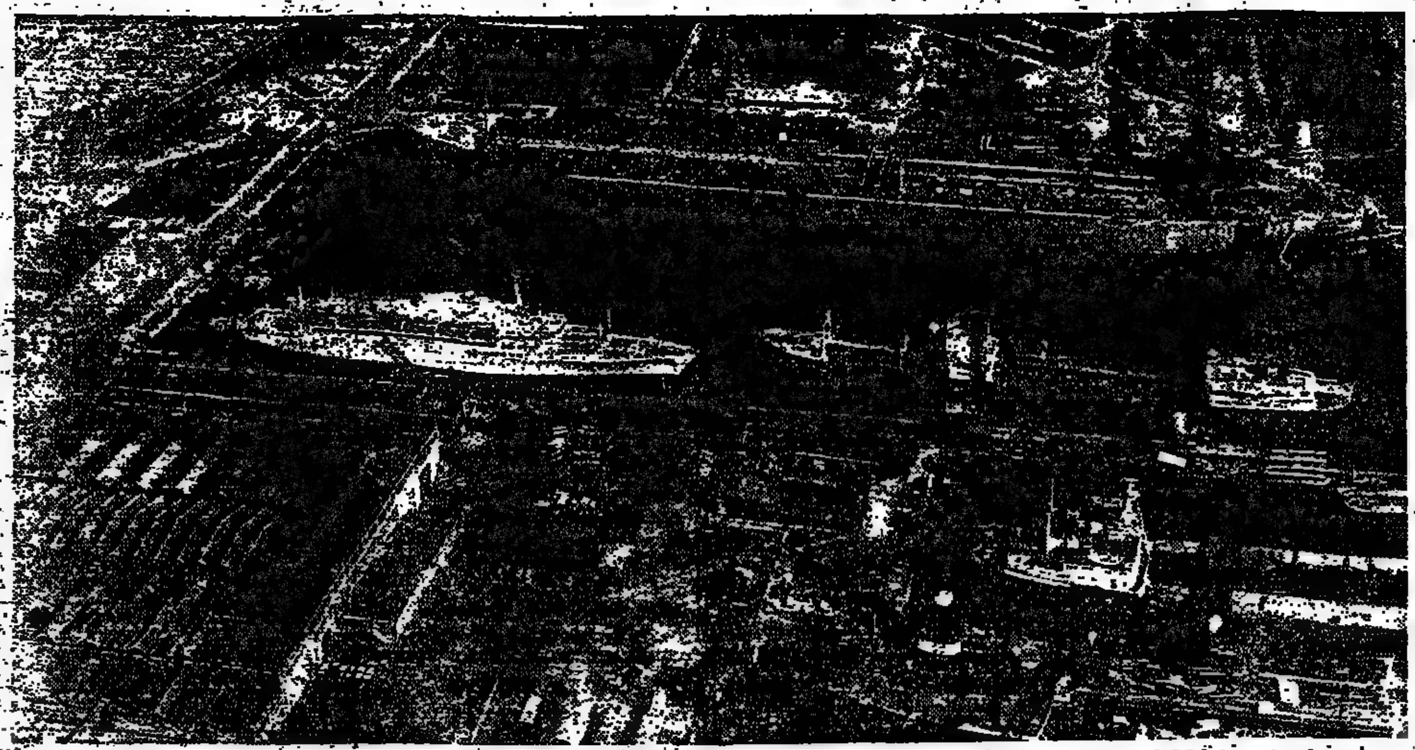
Aerial view of central Amsterdam.

The political situation is confused and the Metro riots at one stage threatened to split the dominant PVDA (Labour Party). Only a few days ago, the Pacificist-Socialist Party (PSP) decided to withdraw from the governing four-party socialist coalition—the "Progressive Accord." It strongly objected to the authorities' handling of the Metro difficulties, and it also opposed, on environmental grounds, a number of planned projects. These included the outer port near Ijmuiden, the building of another hotel complex on the Leidseplein, a new opera building and a new town hall.

For a city that is traditionally so difficult to rule as Amsterdam, the current political disagreements among the city governors is a matter of concern, to say the least, particularly in view of the many problems that have yet to be solved.

مكتبة من الأصل

A centre for commerce



View of the NDSM yard at Amsterdam, part of the Ryn-Schelde-Verolme Group. A 225,000-ton tanker is being completed top centre.

HESE ARE not the brightest times for Amsterdam as a isiness centre. The economic owdown is making it more fficult to attract new business the Dutch capital and it is rd to maintain the current vel of activity. A major prob- m, unemployment, has become ore pronounced. The percent- e unemployed now exceeds e national average.

In the years following the loss the important Indonesian ade, Amsterdam owed much its success as a business ntre to the development of e airline business and, more portant, the formation of the uropean Economic Community. the past five years, several indred foreign companies ave set up in Amsterdam. They ere attracted by the area's eographical location, the good ad, rail and air connections, e relatively liberal tax laws notably for foreign holding mpanies), the tradition of ternational trade and also by e lack of too many language roblems.

The majority of the foreign ompanies are made up of sales ompanies, management organi- tions running European ubsidiaries and financial insti- tions, and many have picked msterdam as a springboard for eir activities in other parts Europe. Britain's entry into e EEC has also resulted in a esh influx of British com- anies. Amsterdam had gradu- ly become an international rvice centre, a sector in which early three-quarters of the orking population is now em- oyed. Its industrial function as declined.

Property

The British presence in the utch capital is very substan- al. On the banking side, there e Barclays and Lloyds, for ample, while in insurance a imber of companies are itish-owned, including the rge Amsterdam-based Delta- oyd group. There are also in- stment companies such as ater, Walker and Jessel, and magement consultancies such Urwick. Interest in property s been considerable during e past four years and most iding U.K. property groups w have agents in Amsterdam. ter the decline in the pro- rty market last year, there now some signs of a modest provement in this sector.

A separate story is the large mber of British-owned hotels Amsterdam; a number of new tels have opened recently. mous names like the merican and the Amstel are in itish hands, and more than alf the first-class hotel beds re in such hotels. However, ith the opening of the new Marriott and the Centre hotels, as well as the American Sonesta hotel, a substantial over-capacity of beds has arisen as a result of the international slow-down of tourist activity. In Amsterdam, the decline in tourism from the U.S. is felt particularly, and although the hotels are confident about the long term, currently competition is fierce. Several are concentrating on the businessman, organising conferences, exhibitions, etc.

Amsterdam is also Holland's financial centre and several major banking houses have their head offices along the canals. Others have settled in the new office areas such as Amstelveen and Buitenveldert, maintaining representative offices in the centre. A range of foreign banks has set up in Amsterdam from the U.S., Japan, Brazil and Canada, as well as from the rest of Europe. It is also a centre for companies involved in leasing and ship financing. There are commodity brokers such as Harborn and others, while an oil futures market is now in operation. On the retail side, Mothercare has just opened a unit in the most popular shopping street, the traffic-free Kalverstraat, and Austin Reed is also moving in.

Where industry is concerned, much of the activity takes place in the port. Amsterdam is working hard to attract more companies to the western port area where there are still plenty of vacant sites. It is looking especially for companies in the service sector. The world economic downturn, which has affected industrial expansion in general and also Amsterdam's somewhat snobbish attitude towards industry, has resulted in relatively little success for the authorities so far. The environment regulations are very strict and there are also problems of finding enough labour for some types of work. The shipyards already have to employ large numbers of foreign guest workers.

The port is one of the troubled areas, and it is an up-hill struggle to keep it competitive in a period when even Rotterdam, the world's busiest port, is feeling the impact of the world trade decline. Amsterdam is no longer a harbour city, but it is estimated that to-day some 10 per cent. (or about 40,000) of Amsterdam's jobs are in the port. Last year the port handled around 21m. tons of goods, which was marginally below the figure for the previous year. It will be hard pressed to maintain the same level of activity this year.

Terminal

There is still some investment activity in the port, however. Examples are the new Scandia terminal for the jumbo-size Tor Line ferries, which will be officially opened later this month. It was built at a cost of some Fls.12m., of which the municipality paid Fls.5m. to reflect its continued faith in the port's future. VCK, Tor Line's agents, put up the rest of the money. EBA, the coal, ore and steel transhipment company, has recently invested some Fls.25m. in the port to raise capacity.

Other developments include the announcement of a few more shipping services and the decision to switch the main distribution activities for Japanese Datsun cars from Rotterdam to Amsterdam, where there is less congestion. Also, Ford has said it intends to start building a new range of very heavy lorries in Amsterdam.

As a result of improvements to the Amsterdam-Rhine canal, which is said to be Europe's busiest waterway, more types of vessel can now navigate the canal. A Rhine pleasure shipping company has been able to switch a service from Rotterdam to Amsterdam as a result of improvement to several bridges. The canal, which was officially opened in 1952, provides the main link to Amsterdam's large hinterland.

Another important development is the Government's recent decision to allocate some Fls.350m. to replace the old HEM railway bridge by a tunnel as part of its programme to stimulate the building industry. This will eventually lead to an easier passage for shipping in the North Sea canal to Ijmuiden.

Finally, the Sea Port Consultancy Committee has recommended, after several years of discussion, that Amsterdam should get its outer port at Ijmuiden. The creation of such a new port is seen as essential for the longer-term development of the port of Amsterdam. The committee said in its recommendation to the Government last month that the outer port would be in the national interest and would be economically feasible. The green light (and the vast sums of money) will still have to come from The Hague, however, and at the moment there is still considerable scepticism about the realisation of the project.

Meanwhile, the tide-free port is working hard to obtain a slice of the North Sea oil and gas servicing business. Though there are limitations to the objects that can be repaired, built or converted in Amsterdam due to the locks at Ijmuiden, companies such as NDSM and ADM have had some success in this field. There are also some supply boat facilities. Advantages are the close proximity of Schiphol Airport thanks to the recently opened ring-road system from the port to the airport, from which there are also air services to Houston, Aberdeen and Stavanger.

Schiphol has always had an essential function in Amsterdam's economic development. It is now served by more than 45 regular airline companies, and some 360 companies—including Fokker—employ around 22,500 people in and around the airport.

The airport itself had a fairly satisfactory year in 1974 considering the deteriorating economic situation, the energy crisis and the decline of the dollar. Despite setbacks, Schiphol did well to show a 2 per cent. increase in regular passenger traffic: charter traffic went down 2 per cent. and the volume of freight handled rose by 9 per cent. to a total of 234.6m. kg. in 1974. The total number of passengers handled (including charters) increased to nearly 7.6m.

Last month saw the official opening of two new expansion schemes which had required investment totalling some Fls.250m. The expansion has doubled the handling capacity at the terminal building to some 18m. passengers a year, while the airport can now handle more than 40 aircraft simultaneously. The general setbacks that have taken place since the investment decision was taken in 1971 inevitably mean that Schiphol will be working with considerable spare capacity for some time to come.

A more pleasant side effect of the difficulties, as far as Schiphol is concerned, is the fact that the decision of whether to go ahead with the construction of a second national airport has been put back to after 1977, removing some of the uncertainties. The Government is currently studying a plan for the addition of a fifth runway at Schiphol, a project that has met with stiff opposition from action groups in the airport area because of the risk of increased noise.

BUSINESS AND INVESTMENT OPPORTUNITIES

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MONEY MARKET

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Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave (as they have on several other occasions in recent weeks) an amount of assistance described as "exceptionally large." The official help included "very large" purchases of Treasury and local authority bills from the Discount houses, and moderate lending to two or three Discount houses for one-day at the Bank of England Minimum Lending Rate of 10 per cent. It seemed that the official bill purchases broadly offset the shortage to be expected on the basis of identifiable factors, so that the possibility arose of the banks carrying over surplus balances sufficient broadly to finance the Discount houses' repayments of loans to-day.

Banks had carried over a shortage from Friday, the Discount market faced a net take-up of Treasury bills, there was a rise in the note circulation, the authorities held maturing bank bills, and gilt-edged settlements were appreciably against the market's favour. Government disbursements were, on the other hand, greater than revenue transfers to the Exchequer.

Discount houses paid 8½-9 per cent. for secured call loans in the earlier part, and 8¾-9¼ per cent., to even 10 per cent. in the later stages. In the inter-bank market, overnight loans ranged from 8½ per cent. to 12 per cent.

The one-month sterling security yield fell to 9⅜-9⅞ per cent., from 9½-9¾ per cent., the three-month to 10¼-10⅛ per cent., from 10⅜-10½ per cent., and the one-year to 11⅞-11⅝ per cent., from 11⅞-11¾ per cent.

Rates in the table below are nominal in some cases.

Issues of sterling certificates of deposit outstanding fell further in the month to mid-April, by £246.2m. to £3.841bn. Secondary market holdings were reduced £83.8m. to £521.1m.

May 19 1975	Sterling Certificates of deposits	Inter-bank	Local Authority deposits*	Local Auth. negotiable bonds	Finance house deposits	Company deposits	Discount market deposits	Treasury bills ⊕	Bank bills ⊕	Fine trade bills ⊕
Overnight	—	8½-12	9-9½	—	—	9½-10¼	8½-10	—	—	—
2 days notice	—	—	9-9¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	8⅞-9¼	9¼-9½	—	9⅝-10¼	—	8½-9	—	—	—
One month	9⅜-9⅝	9⅜-9⅝	9½-9¾	10⅛-9½	10¼-10¾	—	9-9⅛	9⅜-9⅝	9⅜-9⅞	10½-12
Two months	9⅝-9¾	9⅜-10	—	11-9⅞	10⅞	—	9-9½	9⅝-9¾	10-10⅛	10⅞-12
Three months	10¼-10⅛	10⅛-10⅜	10¼-10½	11-10	11-11⅛	—	9½	9⅜-9¾	10⅛-10¼	11-12
Six months	10¾-10⅝	10⅝-10¾	10½-11	11½-10¾	11½-12	—	—	—	10⅝-11¼	11½-12½
Nine months	11⅛-11¼	11⅛-11½	—	12¼-11¾	—	—	—	—	—	—
One year	11⅞-11⅝	11⅞-11¾	12¾-12⅞	12½-12	—	—	—	—	—	—
Two years	—	—	13¼-13⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13½-13¾ per cent.; four years 14-14½ per cent.; five years 14½-14¾ per cent. ⊕ Bank bill rate in table is buying rate for prime paper. Buying rates for four-month bank bills 10¼-10⅜ per cent., and four-month trade bills 11¼-12¼ per cent. Approximate selling rate for one-month Treasury bills 9 5/32-9¼ per cent.; two-month 9⅝-9⅞ per cent.; three-month 9⅝-9 7/16 per cent. Approximate selling rate for one-month bank bills 9⅝-9 11/16 per cent.; for two-month 9 15/16-9⅝ per cent.; and three-month 9⅝-9 15/16 per cent.; for one-month trade bills 10½-10⅝ per cent.; two-month 10½-10⅝ per cent.; and three-month 10½-11 per cent.

Finance House Base Rate (published by the Finance Houses Association) 10½ per cent. from May 1. Clearing Bank Deposit Rates for small sums at seven days' notice 6½ per cent. Clearing Bank Base Rates for lending 9½ per cent. Treasury Bills: Average tender rate of discount 9.4747 per cent.

BASE LENDING RATES

A.B.N. International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10 %
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	†10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	*9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11½%
Duncan Lawrie	10½%
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First London Secs.	9½%
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Goode Durrant Trust	10 %
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■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†9½%
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Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
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Lloyds Bank	9½%
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Thames Guaranty	12 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
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Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits 6¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾%, and over £25,000 7¼%.
‡ Deposit Base Rate 9½%.
§ Demand deposit 7½%.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Groups & Sub-sections	Mon. May 19 Index No.	Day's Change %	Est. Earnings Yield % Max. Corp. Tax 52%	Gross Div. Yield % ACT at 33%	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Fri. May 16 Index No.	Thurs. May 15 Index No.	Wed. May 14 Index No.	Tues. May 13 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	125.30	-3.1	18.70	6.42	7.84	7.85	121.50	121.24	119.72	121.59	110.51	129.01 (25/4)	51.78 (6/1)	206.57 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	108.64	-2.7	20.82	7.25	7.35	7.35	105.81	107.38	105.78	109.05	112.23	117.40 (2/4)	45.11 (6/1)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	240.96	-3.0	17.45	[illegible]	8.48	8.46	234.05	233.29	230.61	235.70	183.15	251.61 (23/4)	74.74 (6/1)	389.33 (19/5/72)	71.48 (13/12/74)
4	Electricals (16)	222.19	-5.0	16.86	5.50	8.55	8.53	211.64	210.50	206.85	210.12	207.50	229.55 (25/4)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/66)
5	Engineering (Heavy) (13)	151.16	-2.5	20.64	7.14	7.19	7.19	147.55	148.54	145.08	146.85	114.71	159.79 (22/4)	64.39 (2/1)	202.57 (6/6/73)	64.39 (2/1/75)
6	Engineering (General) (65)	110.00	-2.6	19.22	7.25	7.58	7.58	107.18	106.10	105.13	105.89	89.75	110.07 (25/4)	45.43 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (11)	48.62	-1.5	13.70	9.64	12.79	12.60	48.02	47.56	47.06	46.87	37.20	48.62 (19/5)	20.11 (2/1)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (23)	113.41	-1.9	18.61	5.87	7.40	7.38	111.30	111.00	110.56	111.40	100.24	114.48 (25/4)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (59)	85.96	-3.6	20.73	7.16	7.05	7.05	88.97	88.54	88.14	85.75	98.54	90.59 (22/4)	48.39 (6/1)	227.78 (21/4/72)	48.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	96.41	-6.0	22.04	5.28	6.59	6.58	90.91	91.04	90.57	92.71	120.30	105.62 (10/3)	44.28 (6/1)	257.41 (19/5/72)	42.85 (13/12/74)
11	Household Goods (15)	135.87	-0.7	31.26	7.81	4.61	4.61	134.90	134.99	133.99	136.62	164.61	146.90 (25/4)	64.53 (6/1)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (29)	47.84	-1.6	14.21	9.55	10.57	10.50	47.09	46.30	46.16	46.77	47.98	50.55 (22/4)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (164)	141.55	-4.0	14.40	5.81	9.83	9.82	135.83	134.62	132.74	134.95	118.20	141.55 (22/4)	61.98 (6/1)	226.08 (16/5/72)	61.41 (13/12/74)
14	Breweries (16)	155.47	-5.8	13.44	6.36	11.04	11.04	146.91	142.95	141.13	146.31	137.89	156.55 (22/4)	75.58 (6/1)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (8)	167.16	-4.9	12.93	5.61	11.59	11.59	159.32	156.04	154.81	156.84	161.15	167.59 (22/4)	80.42 (6/1)	257.40 (15/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (16)	151.27	-5.4	14.60	7.43	9.87	9.87	143.48	142.71	139.90	144.07	134.86	151.27 (19/5)	55.28 (6/1)	329.99 (12/12/72)	54.83 (9/1/75)
17	Food Manufacturing (22)	152.48	-2.5	13.43	5.16	10.30	10.26	148.76	148.95	146.24	148.14	114.87	152.48 (19/5)	62.03 (2/1)	211.65 (14/11/74)	59.67 (11/12/74)
18	Food Retailing (16)	140.54	-2.4	10.92	4.42	13.61	13.61	137.02	136.07	134.60	136.18	107.54	145.54 (25/4)	57.15 (2/1)	235.08 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	139.58	-2.6	19.30	6.84	7.78	7.78	136.07	137.08	135.19	137.25	154.01	146.73 (25/4)	55.08 (6/1)	260.29 (18/1/72)	55.08 (6/1/75)
20	Packaging and Paper (13)	105.79	-2.0	20.91	6.25	6.94	6.95	103.67	[illegible]	[illegible]	102.98	79.41	106.45 (12/5)	43.46 (6/1)	135.69 (25/4/72)	43.46 (6/1/75)
21	Stores (30)	129.31	-4.4	10.77	4.99	15.77	15.77	123.80	121.19	[illegible]	121.24	95.59	129.59 (22/4)	[illegible] (6/1)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (19)	139.56	-3.7	25.56	7.21	4.65	4.53	134.58	133.76	131.14	[illegible]	155.21	142.59 (17/4)	62.91 (6/1)	253.72 (17/9/68)	62.66 (11/12/74)
23	Tobacco (3)	165.65	-4.8	18.76	7.17	7.82	7.82	177.59	[illegible]	177.56	176.99	165.66	199.16 (10/3)	109.92 (6/1)	339.16 (2/8/72)	94.34 (13/6/63)
24	Toys and Games (6)	41.86	-1.7	26.61	7.37	6.15	6.15	41.17	41.17	41.56	41.86	45.25	[illegible] (25/4)	20.92 (6/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (92)															
25	Chemicals (25)	174.94	-4.2	20.01	5.08	7.11	7.11	167.90	166.86	163.46	166.15	145.58	174.94 (19/5)	73.14 (6/1)	201.92 (31/1/69)	[illegible] (11/12/74)
26	Office Equipment (10)	94.98	-1.2	14.96	5.55	9.05	9.05	93.84	92.18	93.64	95.60	117.03	104.78 (17/4)	[illegible] (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (11)	382.67	-2.8	22.83	6.16	5.25	5.09	372.23	360.56	355.57	359.31	388.26	401.84 (10/3)	194.38 (6/1)	517.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (46)	147.69	-3.2	16.80	6.56	[illegible]	8.34	143.17	142.28	140.83	143.46	135.44	148.14 (25/4)	60.39 (6/1)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	137.16	-3.7	16.79	5.97	8.46	8.44	132.32	131.34	[illegible]	131.68	120.93	137.37 (23/4)	[illegible] (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	274.18	-1.7	26.85	5.62	4.00	3.75	269.57	267.01	260.34	259.11	234.56	274.18 (19/5)	106.85 (2/1)	451.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	148.74	-3.4	18.24	5.92	7.29	7.14	143.87	142.77	140.65	142.46	130.61	148.74 (19/5)	66.49 (6/1)	227.95 (16/5/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	143.75	-3.5		5.01	—	—	138.85	137.18	135.27	137.29	119.56	147.98 (23/4)	56.50 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	155.12	-4.2	23.86	5.08	6.34	6.34	148.92	147.84	142.88	146.57	159.08	163.68 (25/4)	62.56 (2/1)	288.52 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	137.98	-0.1	—	8.70			137.87	138.16	138.44	137.19	138.95	169.87 (7/3)	84.15 (6/1)	293.15 (12/5/72)	81.40 (10/12/74)
35	Hire Purchase (5)	102.57	-2.5	24.28	8.93	5.47	5.02	100.04	102.51	101.55	103.59	221.48	154.39 (10/3)	42.81 (6/1)	433.79 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	118.76	-5.3	—	5.65	—	—	112.75	110.08	110.15	111.94	98.59	127.97 (23/4)	44.88 (2/1)	194.48 (15/5/72)	44.28 (2/1/75)
37	Insurance (Composite) (7)	118.50	-4.2	—	5.53	...	—	113.49	110.02	109.82	109.64	79.70	118.50 (19/5)	44.47 (2/1)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (8)	208.28	-3.3	9.49	4.07	15.82	15.82	201.69	194.45	194.45	192.98	155.75	208.28 (19/5)	68.96 (7/1)	252.57 (12/12/72)	65.86 (16/12/74)
39	Merchant Banks (19)	86.87	-2.3	—	7.18	—	—	84.79	84.92	84.65	86.94	109.54	94.97 (7/3)	31.31 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	224.83	-1.7	4.04	2.79	35.53	34.18	220.86	222.62	216.95	224.22	159.17	241.22 (2/4)	88.19 (7/1)	357.40 (8/11/73)	56.01 (20/4/65)
41	Miscellaneous (5)	70.62	+2.0	16.07	9.20	8.75	8.65	69.26	69.42	70.29	70.46	100.46	75.78 (25/4)	34.78 (10/1)	303.13 (18/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	172.46	-0.1	2.91	4.01	34.31	34.31	172.25	171.54	171.14	172.36	151.30	172.77 (12/5)	78.43 (6/1)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	148.02	-3.2	—	5.62	—	—	143.43	142.25	140.27	142.08	127.45	148.02 (19/5)	62.18 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (10)	515.51	-1.1	9.94	6.31	11.85	11.39	509.65	511.55	512.26	510.55	408.25	515.78 (12/5)	281.86 (2/1)	885.37 (23/7/73)	84.68 (25/6/65)
45	Teas (10)	88.37	—	21.96	9.05	5.77	5.37	88.37	88.50	88.19	88.83	105.53	88.83 (12/5)	76.76 (10/1)	121.47 (1/6/72)	59.72 (17/10/74)
46	Coppers (3)	440.85	-0.9	44.54	17.13	2.94	2.94	444.69	448.82	452.75	454.49	416.70	450.26 (28/2)	374.38 (23/1)	667.78 (13/7/73)	94.06 (29/4/62)
47	Mining Finance (11)	134.26	-1.2	8.92	3.93	12.15	12.15	132.62	134.74	132.59	133.20	110.90	134.74 (15/5)	80.58 (22/1)	175.90 (28/4/69)	66.31 (30/9/74)
48	Tins (8)	107.88	-0.7	9.45	7.68	13.63	11.70	108.66	105.76	106.00	104.92	99.97	108.66 (16/5)	58.91 (6/1)	126.43 (12/1/73)	64.85 (27/6/71)
49	Overseas Traders (13)	245.38	-2.1	13.56	3.54	9.35	9.50	240.30	239.30	236.54	237.14	—	245.38 (19/5)	97.37 (6/1)	245.38 (19/5/75)	97.37 (6/1/75)

	FIXED INTEREST	Mon. May 19 Index No.	Mon. May 19 Yield %	Friday May 16	Thurs. May 15	Wed. May 14	Tuesday May 13	Monday May 12	Friday May 9	Thurs. May 8	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield		15.20	15.18	15.18	15..7	15.28	15.51	15.25	15.13	14.03	—	—	—	—
2	20-yr. Govt. Stocks (6)	47.07	15.75	47.13	46.98	46.81	46.79	46.26	46.86	47.15	51.50	53.09 (20/3)	38.27 (3/1)	115.49 (11/9/63)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	45.64	16.11	45.26	45.25	45.18	45.18	45.52	45.60	45.52	48.47	50.58 (21/3)	37.01 (3/1)	115.43 (25/10/63)	37.01 (3/1/75)
4	Investment Trusts Prefs. (15)	42.77	16.19	41.75	41.75	41.75	41.75	42.20	42.30	42.20	45.85	46.57 (26/3)	36.56 (3/1)	114.41 (13/9/63)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	57.88	16.26	58.01	57.95	57.95	57.82	58.02	58.51	58.25	59.70	66.98 (20/3)	46.55 (3/1)	114.96 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Dates	Base Value	Section or Group	Base Dates	Base Value
Overseas Traders	31/12/74	100.00	Miscellaneous Financial	31/12/70	128.06
Engineering (Heavy)	31/12/71	153.84	Food Manufacturing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Wines and Spirits	16/1/70	144.76	Insurance Brokers	29/12/67	96.67
Toys and Games	16/1/70	135.72	Mining Finance	29/12/67	100.00
Office Equipment	16/1/70	162.74	All Other	10/4/62	100.00
Industrial Group	31/12/70	128.20	‡ Redemption yield.		

FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A new list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 16p. Commonwealth 18p. Foreign 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	21	272	+10	273	118
Boots	25p	16	272xd	+12	272	91
GKN 'New'	F/pd.	15	254	+15	256	220
Shell Transport	25p	15	331	+ 8	334	118
BATS	25p	12	328	+14	337	164
EMI	50p	12	191	+ 8	198	62
Cad. Schwep. 'New'	Nil/pd.	11	10*	+ 2	10*	5*
Nat. Westminster	£1	11	225	+10	255	58
Thorn 'A'	25p	11	148	+10	196	75
BTR	25p	10	128½	+ 7½	128½	39½
Distillers	50p	10	143	+ 7	143	65½
Imperial Group	25p	10	59	+ 3	66½	32
Lonrho	25p	10	139	+ 9	159	68
Midland Bank	£1	10	262	+ 8	305	122
Sealed Motor	10p	10	45	+11	45	16½

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

NEW "HIGHS" AND "LOWS" FOR 1975

Too numerous to name individually the 186 new 1975 "highs" recorded among securities listed in the Share Information Service yesterday are given below in their subsections. There were no new "lows".

NEW HIGHS (186)

FOREIGN BONDS (1)
AMERICANS (2)
BANKS (5)
BEERS (4)
BUILDINGS (5)
CHEMICALS (6)
DRAPERY & STORES (8)
ELECTRICALS (4)
ENGINEERING (20)
FOODS (9)
INDUSTRIALS (45)
INSURANCE (11)
MOTORS (2)
NEWSPAPERS (1)
PROPERTY (8)
SHIPPING (1)
SOUTH AFRICANS (3)
TEXTILES (3)
TOBACCOS (2)
TRUSTS (4)
OILS (2)
RUBBERS (1)
MINES (15)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	26	—	27
Corpns. Dom. and Foreign Bonds	25	3	43
Industrials	676	189	882
Financial and Prop.	229	42	297
Oils	7	7	18
Plantation	4	6	39
Mines	68	17	66
Recent Issues	22	5	26
Totals	1,057	269	1,398

CORAL INDEX
Close 350-355 354-359 NT

I.G. INDEX
GOLD 167-170

INSURANCE BASE RATES

† Atlantic Assurance 11¼%
Cannon Assurance ...... 9 %
† Address shown under Insurance and Property Bond table.

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations as London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv (20p)	12	......	Gardiner Sons	11	......	Sheff. Refrshmt.	165	......
Ash Spinning	37	......	Gardner L.	50	+1	Shiloh Spinn.	23	......
Bertam	16	......	Graig Ship (£1)	460	......	Sindall (Wm.)	45	......
Brady (G.) "A"	55	......	Hallam Sl. (10p)	7½	......	Vincent (H.)	37½	......
Br'wtr Est. (60p)	140	+2	Higsons Brew	78	......	IRISH		
Clover Croft	40	......	Holt Joseph 25p	170	......	Alliance Gas	45	......
Craig & Rose £1	515	......	IOM Steam £1	110	......	Carroll (P.J.)	118	-2
Dundee Orm £1	180	......	Kleen-E-Ze	29	......	Clondalkin	60	-1
Dundee Ice £1	300	......	Lovell's Ship £1	130	......	Concrete Prods.	70	......
Dyson (R. A.)	29	......	NthnGoldsmith	65	......	Goulding (£1)	59	......
Ellis & McHdy	57	......	PMA	34	......	Horton (Hldgs)	31½	......
Evans Frnk (10p)	51	......	Pearce C.H.	58	......	Irish Distillers	70	-1
Evered	12½	......	Peel Mills	17	......	Irish Wire Bd.	40	......
Fife Forge	48	+3	Richards (10p)	10	......	Jacob	50xd	......
Finlay Pkg (5p)	16	+1	Robb Cal. (5p)	66	......	Sunbeam	12	+1
Fr'st A.Reed 50p	94	......	Sayers Con 12½p	9	......	Unidare	61	......

INSURANCE, PROPERTY, BONDS

Yield %

Abbey Life Assurance Co. Ltd.
1-3, St. Paul's Churchyard, E.C.4. 248 9111

Abbey Eq. May 13	28.1	29.6	......	—
do. Acc. Unit May 13	21.9	23.2	......	—
do. Pr. May 6	102.7	109.1	......	—
[illegible]				

Cornhill Insurance Co. Ltd.
32, Cornhill, E.C.3. 01-626 5410

Capital Apr. 15	96.5		......	—
G.S. Special Apr. 15	57.5		......	—
Mn'th Bd Apr. 26	113.6	119.5	......	—

Crescent Life Ass. Co. Ltd.
Braywick Rse. Mdnhd, Berks. Mdnhd 34065
[illegible]

Life Assur. Co. of Pennsylvania
39-42, New Bond St., W1Y 0RQ. 01-493 8395

LACOP Units	778	817	......	—

Lloyd's Life Assurance Ltd.
12, Leadenhall St., EC3M 7LS 01-623 6621
[illegible]

Save & Prosper Group
4, Gt. St. Helen's, London, E.C.3 01-588 1717

Bal'nced Inv. Fd.	92.4	97.3	......	—
Property Fnds.	105.6	111.4	......	—
Deposit Fund	103.4	108.9	......	—
Equity Pens'n Fd.	108.4	114.2	+2.5	—
Pr'pPens. Fund	117.6	123.5	......	—
[illegible]				

Albany Life Assurance Co. Ltd.; AMEV Life Assurance Ltd.; Atlantic Assurance Co. Ltd.; Barclays Life Ass. Co. Ltd.; Brandts Ltd.; Canada Life Assurance Company; Cannon Assurance Ltd.; Capital Life Assurance; Charterhouse Japhet Life Ass. Co. Ltd.; The City of Westminster Assur. Soc.; The City of Westminster Assur. Co. Ltd.; Commercial Union Group; Confederation Life Insurance Co.; Crusader Insurance Co. Ltd.; Eagle Star Insur./Midland Assur.; General Portfolio Life Ins. Co. Ltd.; Growth & Sec. Life Ass. Soc. Ltd.; Guardian R.E.; Hambro Life Assurance Limited; Harvest Assurance Group; Hearts of Oak Benefit Society; Hill Samuel Life Ass. Ltd.; Imperial Life Ass. Co. of Canada; The Individual Life Ins. Co. Ltd.; Investment Annuity Life Assur.; Irish Life Assurance Co. Ltd.; King & Shaxson Ltd.; Langham Life Assurance Co. Ltd.; Life & Equity Assurance; London Equity Assurance Ltd.; M. and G. Group; Magna Assurance Company Ltd.; Manfrs. Life Insur. Co. (U.K.) Ltd.; Merchant Investors Assurance; NEL Pensions Limited; New Zealand Insce. Co. (U.K.) Ltd.; NPI Pensions Management Ltd.; Norwich Union Insurance Group; Oakfile Assurance Co. Ltd.; Phoenix Assurance Co. Ltd.; Prop. Equity & Life Assce. Co.; Property Growth Assur. Co. Ltd.; Prudential Pensions Limited; Reliance Mutual; Royal Insurance Group; Safeguard Assurance Limited; Schroder Life Group; Scot. Widows' Fnd. & Life Ass. Soc.; Slater Walker Insurance Co. Ltd.; Sun Life of Canada (U.K.) Ltd.; Target Life Assurance Co. Ltd.; Transinternational Life Ins. Co. Ltd.; The Trident Life Assur. Co. Ltd.; Tyndall Group; Vanbrugh Life Assurance; Welfare Insurance Company Ltd.; Windsor Life Assce. Co. Ltd.

[illegible]

Option Report—3-month Call rates

First Dealings	Last Dealings	Last Declaration	For Settlement
May 13	May 27	Aug. 7	Aug. 19
May 28	Jun. 9	Aug. 20	Sept. 2
Jun. 10	Jun. 23	Sept. 4	Sept. 16

"Calls" were done in Charterhall Finance, Imperial Group, Silvermines, Ladbroke, Simon Engineering, Lonrho, Laporte, Burmah Oil, E. Bates, Dunlop, Hestair, J. B. Eastwood and "Lofs." No "puts" were reported, while "doubles" were arranged in ICI, EMI, Lonrho, Bowater, Guest Keen and Ultramar.

Industrials		Grand Met.	16	Slater Walker	14	Mines	
A. P. Cement	20	G.U.S. 'A'	20	Spillers	7	Anglo Amer.	45
Assoc Leisure	5	Guardian	20	Tesco	6	Broken Hill Pty	65
Barclays Bank	35	G.K.N.	25	Thorn 'A'	25	Cast	9
Beecham	24	Hawker Sidd.	25	Tube Invest	30	Charter Cons.	30
Boots Drug	24	House of Fraser	10	Unilever	40	Chart'h'll Fin.	7
Bowaters	17	Hudson Williams	5	Utd. Drapery	12	Cons Gold	42
B.A.T.	35	I.C.I.	22	Vickers	18	De Beers Dfd.	20
British Leyland	1½	"Imps"	7	Woolworths	6	F. S. Geduld	200
British Oxygen	6	I.C.L.	7	Property		Great Boulder	56
Burton 'A'	9	Inveresk	10	Cap. Counties	7	Hampton Areas	10
Cadbury	6	Legal & General	17	E.P.	9	Hampton Prop.	4
Courtaulds	12	Lloyds Bank	30	Intl. Europe	7	Kloof	140
Debenhams	11	"Lofs"	9	Land Securities	22	Lonrho	40
Distillers	15	"Mams"	9	Peachey	7	Loraine	55
Dunlop	6	Marks & Spencer	22	Town & City	7	Metal Explor.	5
Eagle Star	16	Midland Bank	32	Town & Comm.	7	Poseidon	55
E.M.I.	14	Nat'l West Bank	30			Pres. Steyn	25
First National	2	P & O Dfd.	16	Oils		Rio T. Zinc	40
G.R.A. Trust	7	Plessey	8	Brit. Petroleum	45	Western	55
Gen. Accident	1	R.H.M.	7	Burmah Oil	11	West Areas	55
Gen. Electric	14	Rank Org. 'A'	25	Shell	26	Western M'ng.	15
Glaxo	40	Reed Int'l	25	Ultramar	17	Zambian Cop.	

Tri Star soon on Belfast-London route

BRITISH AIRWAYS will introduce the 320-seat TriStar on June 1 between Belfast and London—the first British domestic route to be served by wide-bodied aircraft.

A twice-daily service will offer a 5 per cent. increase in capacity to meet growing demand.

British Airways has also introduced a special early-morning flight between Aldergrove and Heathrow. Departing at 7.40 a.m. each day, it allows more than 11 hours in London.

Last year, the airline carried 452,000 passengers between Belfast and London and this year British Airways expects to carry some 477,000, with load factors of more than 70 per cent.

Some £300,000 has been invested on ground and handling equipment for TriStar at Aldergrove and a further £230,000 will be spent on airport improvements *for the aircraft.*

The introduction of the TriStar will also increase cargo-carrying potential on the service. Four large pallets will operate a special *through-service every day* to destinations in Europe.

Cazenove wins London-Brighton

David Stevens (Cazenove and Co.), in his tenth Stock Exchange London to Brighton Walk, led from start to finish and completed the course in a personal best time of 8hr. 43min., 15 sec.

Peter Hepworth (Williams de Broe Hill Chaplin) was second only 58 sec. behind and third was Adrian James (Cazenove) in 9h., 11min., 06sec., an improvement of 2½hr. on his previous best.

The absence of defending champion John Nye (Cazenove) turned the team event into a thrilling race won by Cazenove and Co., with William de Broe second and Capel Cure Myers third.

MINICRUISE COSTS RISING

Southern Ferries is increasing mini cruise fares for passengers on its Eagle Service to Lisbon, Algeciras and Tangier by 20 per cent. from June 1. Extra staff *costs and the falling pound are* blamed for the increase.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Late recovery wipes out early loss

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 19.

STOCKS WHICH were in sharp retreat at mid-session recouped most of the loss in late trading on the strength of a brisk rally in Blue Chips. As a result, the market's main indices closed virtually unchanged.

Most of the initial weakness was attributed to spill-over profit-taking from late last week. Another depressing factor was the Shah of Iran's week-end forecast that oil prices would rise again at the end of the summer.

Analysts could find no special news factor to account for the late rally, although they said confidence in the economic outlook for the second-half of 1975 may have prompted fresh demand for common stocks.

By the close of trading the Dow Jones Industrial Average was up 0.08 at 837.69. At 1 p.m. it had fallen 8.29 against Friday's close. Other indices also traded weak but finished slightly higher than Friday's levels.

The Transport Index put on 0.86 to end at 169.66 and the Stocks Index was up 0.32 at 255.31. The Utilities Index closed unchanged at 73.16.

IBM rose $2½ to $210. The Government opened its anti-trust case against the company by promising to prove that it ran two of the nation's biggest corporations out of the computer business through its pricing and marketing practices. IBM is expected to present its opening defence statement later this week. The trial is expected to last at least a year, and with the likelihood of appeals, a court decision probably will not come until much later.

Harnischfeger Corp. gained $1¼ to $45¾. It reported improved quarterly earnings and raised its dividend.

Walt Disney picked up $1½ to $54¾, but American Telephone fell ¾ to $49¼ after having dropped more than a point in the previous session. This reflected disappointment over the results of the stock offering which expired late last week.

Prices on the American Stock Exchange edged higher in light trading. The Amex Index rose 0.10 to 87.21. Advances led declines by 299 to 282. Turnover slowed to 1.86m. shares against 2.02m. on Friday.

Miller-Wohl, gained $3¼ to $30¾. It reported sharply higher quarterly results and predicted continued growth for the rest of the year. Syntex added $1½ to $41½.

Western Union fell $1¼ to $13¾. It said a Government study criticising the company's accounting practices was inaccurate. The two-year study, reportedly done under the direction of the U.S. Commerce Department, took issue with the company's estimates of its liabilities, which ultimately would affect earnings.

Du Pont dipped ½ to $126. It declared a second quarter dividend of $1 a share compared with $1.25 in the first quarter.

The NYSE common stock index rose 0.05 to 48.01. But declines led advances 682 to 678. Turnover amounted to 17.87m. shares, against 16.63m. on Friday.

OTHER MARKETS

MILAN—The market closed easier in quiet and cautious trading. In leading Industrials Pirelli, Olivetti, Snia Viscosa, Anic and Montedison lost ground but Fiat gained.

In Financials Bastogi fell as did Mediobanca in Banks and Assicurazioni Generali in Insurances.

Bonds were slightly firmer in quiet trading. Motta lost L138 but Burgo put on L350.

JOHANNESBURG — Gold were quietly firmer in small turnover on bullion price considerations. Interest was generally on local account with marginal and speculative issues, gaining 5 to 10 cents and medium-priced shares up to 40 cents. Financial Minings, Platinums and Coppers were generally unchanged.

Consolidated Murchison shed 50 cents to end at R7.10. Other metals and minerals were neglected. Collieries were occasionally higher. De Beers was 5 cents lower at R3.15.

Leading Industrials were mixed.

TOKYO—The market declined on profit-taking and liquidation with dealers cautious as the end-month settlement approached.

The Tokyo Stock Exchange Index fell 1.37 to 331.60.

HONG KONG — The market closed quietly easy after a firm and active opening. Profit-taking pared early gains and prices later drifted lower in reduced turnover.

Hong Kong Land and Hutchison each lost 5 cents to close at $HK7.05 and $HK2.75 respectively. Hong Kong Bank and Jardine Matheson shed 10 cents each to $HK15.30 and $HK28.0 respectively.

AUSTRALIA — The market ended on an indecisive note in lack-lustre trading, with an easier undertone.

Coal and Oil shares lost ground in Melbourne with Utah falling 20 cents and AAR and Thiess 7 and 5 cents respectively. Ampol and Woodside-Burmah also drifted lower.

Pancontinental attracted demand and moved 15 cents higher in a firm uranium sector. But in copper mines, Bougainville eased 1 cent and CRA dropped the same amount in sympathy.

Golds were about steady. In Industrials, BHP gained 6 cents and Pioneer Sugar added 5 cents while CSR dipped 2 cents. EZ Industries, ASL, Aust. Guarantee, Hooker and CUB were among others to lose ground, although Banks were generally higher.

On the Sydney Stock Exchange sugar stocks attracted demand with Pioneer adding 15 cents and CSR 3 cents. BHP added 4 cents with Tooheys, EZ Industries, Swan Brewery and Myer marginaly higher. However, CUB, IAC, ASL, Hooker and Waltons all dipped.

Golds were steady while coal and oil shares lacked support. Bougainville, which has resumed limited production, fell 2 cents while North Broken Hill edged up 1 cent.

Most European Stock Exchanges were closed yesterday—May 19—for the Whitsun holiday. Those affected were: Austria, Belgium, Denmark, France, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, and West Germany.

Markets were also closed in Canada to mark Victoria Day and in Australia for the Cup Day. Canadian stock prices refer to May 16 as exchanges were closed. West German stock markets will remain mostly closed to-day as well.

● Industrial Bank of Japan said an agreement was signed to establish the Kuwait Pacific Finance company to recycle petro-funds to the Asia-Pacific region. The company is capitalised at $HK25m., of which 35 per cent. will be put up by Kuwait Finance, 32 per cent. by the Industrial Bank of Japan, 10 per cent. each by Bank of New South Wales, Banco do Brasil, and Canadian Imperial Bank of Commerce, and 3 per cent. by Yamaichi Securities.

The company, based in Hong Kong, will start operations from July, managing bond issues and term loans and supplying consultancy services for Arab oil states investments in the Pacific region.

● Polymer Materials said it has terminated its merger discussions with Indian Head.

● Reliance Group reports 1975 first quarter total net income fell to $3.10m. compared with $6.18m. in the similar period of 1974. Revenue increased by 13 per cent to $209.74m. in the quarter, compared with $185.51m. a year ago.

The company's principal operating subsidiary, Reliance Insurance, was adversely affected by a substantial increase in the frequency and severity of losses, the impact of inflation on claims costs, and a number of very large losses, the company said.

Pound lower

Sterling was slightly weaker on balance against major currencies in general in the foreign exchange market yesterday, although business was highly restricted, against the background of the holiday in many Continental centres. The pound's trade-weighted average fall against 10 units since the Washington Currency Agreement of December, 1971 (as calculated by the Bank of England) widened on the day to 25 per cent., from Friday evening's 24.9 per cent., and stood at 25 per cent. at noon, and at 24.9 per cent. in early business. In terms of the U.S. dollar, the pound rose 10 points on the day, however, to close at $2.3030-2.3040—opening at $2.3020-2.3030, and touching $2.3005-2.3010 at one stage. The U.S. dollar generally lost fair ground against major Continental currencies, and its trade-weighted average loss in terms of 14 units since the Washington Currency Agreement (as measured by Morgan Guaranty on noon rates in New York) widened to 6.60 per cent., from 6.53 per cent. Sterling's loss on a similar (Morgan Guaranty) basis widened to 30.38 per cent., from 30.27 per cent., while the French franc's appreciation widened to 5.88 per cent., from 5.68 per cent., the German mark's to 15.56 per cent., from 15.36 per cent., and the Dutch guilder's to 9.46 per cent., from 9.23 per cent.

Gold rose $2¼ an ounce on balance in London to $167¾-168¾. The metal opened at $166-167.

The Krugerrand ended in places at a premium of 21½ per cent. over its gold content in domestic dealings, against Friday's 20 per cent., and at 3 per cent. in international, against 3⅞ per cent.

Dollar certificates of deposits in issue in mid-April totalled $11.195bn., to show a reduction of $80m. from the mid-March level. Secondary market holdings were $135.9m. lower on the month, at $354.3m.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Industrial	Util.	Trading volume† 000's
May 19	67.96	169.66	837.69	73.16	17,870
16	67.95	168.80	837.61	73.16	16,630
15	67.64	170.39	848.80	78.66	27,690
14	67.61	173.47	858.73	78.80	29,060
13	67.66	172.36	860.13	78.64	24,450
12	67.61	171.38	847.47	76.48	22,410
9	67.64	171.91	850.13	77.90	28,440
8	67.69	170.72	840.50	76.57	22,980
7	67.68	170.85	836.44	75.47	22,250
6	67.65	171.30	834.72	75.25	26,410
5	67.54	174.12	855.60	75.19	22,570
2	67.32	171.99	848.48	74.64	25,210
1	67.25	170.76	830.96	74.89	20,660
Apr. 30	67.24	171.35	821.34	74.04	16,060
29	67.37	168.02	805.04	74.18	17,740
28	67.53	169.66	810.00	74.77	17,250
1975 High	68.92 (4/4)	174.12 (6/5)	858.73 (14/5)	81.86 (21/1)	—
Low	66.16 (3/1)	146.47 (2/1)	632.04 (2/1)	72.02 (3/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	163.32 (30/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

May 9	May 2	May 10, 1974
4.54	4.55	4.33

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	May 19	May 16	May 15	May 14	May 13
48.88 (14/5)	37.06 (2/1)	48.01	47.96	48.44	48.85	48.46

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,787	678	682	427

	May 19	May 16	May 15	May 14	May 13
New Highs	75	86	174	179	145
New Lows	5	8	10	5	7

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	May 19	May 16	May 15	May 14	May 13
87.88 (14/5)	62.20 (3/1)	87.21	87.11	87.49	87.85	87.60
Volume 000's		1,860	2,020	2,410	2,740	2,790

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
May 19	102.06	90.43
16	101.93	90.43
15	103.06	91.41
14	104.04	92.27
13	103.22	91.58
12	102.09	90.61
9	102.65	90.53
1975 High	104.04 (14/5)	92.27 (14/5)
1975 Low	77.71 (6/1)	70.74 (8/1)

* 425 Industrials. † 425 Industrials, 60 Utilities, 15 Rails.

STOCK AND BOND YIELDS

	May 14 1975	May 7 1975	May 8 1974
Ind. Ord. yield pc	3.62	3.76	3.50
Ind. Ord. p/e ratio	10.73	10.35	11.65
Long-term Govt. Bds. per cent.	8.60	8.174	8.73

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Rite Aid	283,800	12½	+⅜
Sbd Ca. L. Ind.	250,000	31⅞	−2
Xerox Cp.	188,100	70¼	+2¾
Polaroid	182,400	30⅞	+1⅜
Am. Tel. Tel.	161,900	50¼	−1⅛
Imperial Cp. Am.	150,300	9⅞	—
Int. Tel. Tel.	122,300	23⅜	−⅜
Gen. Motors	112,600	48⅜	−¾
Kresge SS	110,700	29⅛	−1⅛
Southn. Co.	107,300	11	+⅛

TORONTO

INDUSTRIAL INDEX

May 16	May 15	1975 High	1975 Low
186.32	187.17	189.68 (17/4)	159.41 (3/1)

MONTREAL

INDUSTRIAL INDEX

May 16	May 15	1975 High	1975 Low
196.64	197.60	197.86 (14/3)	150.95 (2/1)

COMBINED INDEX

May 16	May 15	1975 High	1975 Low
189.36	189.82	191.02 (14/3)	150.02 (2/1)

JOHANNESBURG

	May 19	May 16	1974-75 High	1974-75 Low
Industrials	207.4	208.9	210.3 (17/2)	183.0 (23/1)
Golds	389.7	397.9	379.1 (2/1)	285.5 (15/4)

(1958=100.) Source: Rand Daily Mail. * 1974.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	May 19	May 16	May 8
On Dividends	7.65	7.65	7.48
On Earnings	14.50	14.50	14.17

SYDNEY ALL ORD. INDEX

May 19	May 16	High 1975	Low 1975
348.77	349.32	380.48 (14/1)	285.88 (8/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

May 19	May 16	High 1975	Low 1975
331.60	332.97	352.25 (15/5)	268.24 (10/1)

HONG KONG INDEX ●

May 19	May 16	High 1975	Low 1975
325.93	336.54	333.64 (28/4)	160.42 (9/1)

SINGAPORE INDEX §

May 19	May 16	High 1975	Low 1975
248.40	248.41	266.69 (11/3)	153.26 (8/1)

EUROPE

	May 19	Previous	1975 High	1975 Low
Belg'm (a)	—	111.87	111.81 (15/5)	90.07 (2/1)
Denm'k (b)	—	90.02	90.08 (14/5)	73.06 (3/1)
France (d)	—	69.5	72.0 (25/4)	51.70 (2/1)
Germ'y (e)	—	691.7	726.1 (16/4)	573.3 (2/1)
Holland (f)	—	106.4	107.6 (6/5)	85.1 (2/1)
Italy (g)	96.20	99.76	105.06 (21/3)	80.9 (6/1)
Spain (h)	—	106.87	110.36 (22/4)	91.2 (15/1)
Sweden (k)	—	374.32	376.65 (15/5)	310.5 (3/1)
Switz'rld (m)	—	297.2	295.1 (6/5)	257.1 (2/1)

Indices and base dates (all base values 100):—(a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December, 1953. (f) Amsterdam Industrial 1970. (g) Milan General 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (u) Unavailable. ● Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

EXCHANGE CROSS-RATES

May 19	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't	—	*2.354-355	*57.20-58.0	*6.55-5	*5.41-43	*97.60-80	*35.85-94
N. York	42.58-61	—	24.64-67	2.7909-840	2.3035-45	41.58-62	38.73-76
Paris	*172.42-82	*4.056-066	—	*11.65-66	*4.35-37	*168.7-9.1	*161.7-20
Brussels	*14.81-88	*34.90-95	*8.58-62	—	*80.30-56	*14.48-53	*13.90-96
London	5.40¼-41¼	*2.3030-50½	9.32½-3¼	80.25-45	—	5.52½-53¼	5.79½-80½
Am'erdam	*42.28-35	*2.406-408	*69.28-33	*1.89-90	*5.547-552	—	*35.92-97
Zurich	*106.80-07.12	*2.52-525	*61.82-2.01	*7.20-22	*6.80-81	*104.52-82	—

U.S.$ in Montreal, U.S.$1=103.42-44 Canadian cents.
Canadian $ in New York, $C1=96.63-65 U.S. cents. U.S. $ in Milan 627.50
Sterling in Milan 1444.25. *May 16 rate—No trading on May 19

EURO-CURRENCY INTEREST RATES*

May 19 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch guilder	W.German mark	Swiss franc
†Short term	8-10½	4¾-5¼	5¼-4½	1-1½	5⅛-5⅝	¾-1¼
7 days notice	10⅛-10¾	4⅞-5⅜	5-6	1-1½	5⅛-5⅝	1½-12
Month	11¼-12¼	5-5⅜	7-7⅜	5-5⅜	5-5⅛	5⅛-5⅝
Three months	11⅝-12⅜	6¾-6¼	7⅛-7⅜	3⅞-4⅛	5-5⅛	4-4¼
Six months	12⅛-13	6¾-7¼	7⅛-7⅜	5-5¼	5⅛-5⅞	5-5¼
One Year	13⅛-13¾	7¾-8¼	8-8¼	6⅜-6⅝	5⅞-6⅞	6-6¼

Euro-French deposit rates: two days' notice 7½-7¾ per cent.; seven days' notice 7½-7¾ per cent.; one month 8-8½ per cent.; three months 8½-8¾ per cent.; six months 8¾-8⅞ per cent.; one year 9½-9¾ per cent.

Longer-term Eurodollar deposits: two years 8¾-9 per cent.; three years 9-9½ per cent.; four years 9¼-9½ per cent.; five years 9½-9¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5 7/16-5⅝ per cent.; three months 6 1/16-5⅝ per cent.; six months 7 1/16-6 11/16 per cent.; one year 8¼-7 11/16 per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two-days' notice for guilders and Swiss francs

GOLD MARKET

	May 19 1975	May 16 1975
Gold bullion (a fine ounce) Close	$167¾-168¾	$165½-166½
Opening	$166-167	$165¼-166¼
Morning fix'g	$166.75 (£72.412)	$165.75 (£71.831)
Afternoon fix'g	$167.75 (£72.818)	$165.75 (£71.956)
Gold coins (domestically) Krugerrand	$203-205½ (£88¼-89¼)	$198-200¼ (£86-87)
New sov'r'gns	$65-67 (£28¼-29¼)	$63¾-65 (£27⅝-28⅝)
Old sov'r'gns	$65-67 (£28¼-29¼)	$63¾-65 (£27¾-28⅝)
Gold coins (int'n'n'aly) Krugerrand	$172½-174 (£74¾-75½)	$170½-172 (£74-74⅝)
New sov'r'gns	$51-52 (£22-22½)	$50½-52 (£21¾-22½)
Old sov'r'gns	$51-52 (£22-22½)	$51-52½ (£22-22¾)
$20 Eagles	$238-243	$235-240
$10 Eagles	$123-128	$120-125
$5 Eagles	$93-98	$90-95

FOREIGN EXCHANGES

May 19 1975	Bank Rates %	Day's Spread	Close
New York	6	2.3005-2.3040	2.3030-2.3040
Montreal	8¼	2.3759-2.3819	2.3785-2.3800
Amsterdam	6	5.52¼-5.55¼	5.52½-5.53½
†Brussels	7	80.20-80.50	80.25-80.45
Copenh'gen	8	12.53½-12.58½	12.53½-12.55½
Frankfurt	5	5.40¼-5.42¼	5.40½-5.41½
Lisbon	8½	55.85-56.45	55.95-56.35
Madrid	†7	128.50-129.05	128.55-128.85
Milan	8	1,443-1,447	1,444½-1,446½
Oslo	5½	11.35-11.40	11.35-11.37
Paris	10	9.32-9.35	9.32½-9.33½
Stockholm	7	9.02½-9.05½	9.03½-9.04¼
Tokyo	8½	668-675	671½-673½
Vienna	6	38.20-38.60	38.20-38.40
Zurich	5	5.77½-5.81	5.79½-5.80½

† Basic discount. ‡ Rates given are for convertible francs; closing financial franc 82.65-82.85.

OTHER MARKETS

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1 100¼% (101½%).

NEW YORK

CANADA

GERMANY ◆

AMSTERDAM

AUSTRALIA

VIENNA

JOHANNESBURG

PARIS

TOKYO ¶

BRUSSELS

STOCKHOLM

SPAIN ♥

MILAN

COPENHAGEN

SWITZERLAND ◆

OSLO ◆

FORWARD RATES

STOCK EXCHANGE REPORT

Equity markets make a good start to new Account

Index up 12 points at 353.8—Short gilts also improve

Account Dealing Dates

*First Dealings	Declarations	Last Dealings	Account Day
May 5	May 15	May 16	May 28
May 19	May 29	May 30	Jun. 10
Jun. 2	Jun. 12	Jun. 13	Jun. 24

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

With sentiment helped by the growing expectancy of new measures to reduce the level of wage settlements, equity markets moved ahead on a broad front at the start of a new Account yesterday. Leading industrials quickly *responded to some good investment* buying and closing gains were often substantial. The FT 30-share closed at the day's best with a gain of 12 points at 353.8; this is just 1.7 off last month's 1975 peak. Overseas-orientated *companies saw most of the* activity.

Apart from the shorts, which closed up to ⅜ better on the latest round of U.S. prime rate cuts, British Funds showed little alteration. The Government Securities index improved 0.07 more to 57.57.

Second-line equities were far from being left out of the picture and, as with the leaders, double-figure gains were not unusual. Many of the day's rises, however, were accentuated by stock shortage. Week-end Press mention saw a *ready response*, but trading statements produced little in the way of features. The extent of the advance was measured in the FT-Actuaries three main indices *by rises of between 3.2 per cent*. and 3.7 per cent. with the All-Share yesterday at 148.02, its highest for 15 months.

Short gilts up again

The continuing trend to lower U.S. interest rates imparted fresh firmness to British Funds yesterday. Activity centred chiefly on the shorts, where prices responded to a fairly brisk demand. Closing gains extended to ½, but were around an ⅛ below the best following a late bout of profit-taking. Medium-dated issues firmed ⅛ and occasionally more in sympathy. Longs closed without alteration, interest here still being restrained by the record rise in the Retail Price Index.

Small demand for investment currency took the premium up to 103½ per cent. during the morning, but offerings released by U.S. demand for Gold shares caused a subsequent reaction to 100 per cent. before the rate finished ¾ of a point down on the day at 100¾ per cent. Yesterday's S.E. conversion factor at 1.30 p.m. was 0.5579 (0.5618).

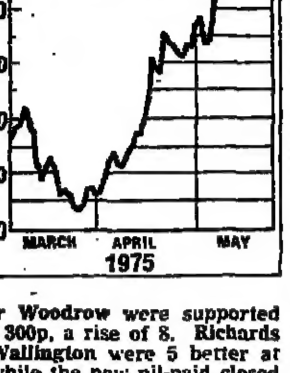
Banks quietly firm

Although relatively quiet, the big four Banks managed to close at the day's best with gains to 10. Barclays, 285p, *Lloyds, 234p*, and National Westminster, 235p, were all that much higher, while Midland closed 8 better at 262p. Bank of Scotland closed 10 up at 245p. In Merchant banks, Hambros, at 162p, lost 5 of last Friday's gain of 25 which followed reports that arrangements are being made for Mr. Hilmar Reksten's Norwegian shipping group to repay to the company large tanker loans. The dividend omission and trading loss left F. C. Finance 5 lower at 47p in Hire Purchases.

A bigger interest was shown in Insurances, with buyers holding the stage and helping to push prices sharply higher. Sun Alliance ended 23 dearer at 470p xd and Guardian Royal Exchange improved 15 to 213p, while "Royals" gained 12 more to 324p, after last week's rise of 17 on the first-quarter rise in profits. Pearl added 12 to 228p and Sedgwick Forbes gained 9 to 234p.

Breweries and kindred issues opened the new Account in fine style yesterday. Buyers pushed prices higher from the outset, and by the close improvements of 5 and 7 respectively were seen in Arthur Guinness, 111p, and Bass Charrington, 104p. Allied put on 4½ to 68½p, while Scottish and Newcastle were similarly dearer at 56p. *Favourable Press* comment helped Boddingtons harden 4 to 84p. Distillers closed at the day's best of 143p, a fresh gain of 7. *Long John International* were popular, rising 13 to a 1975 "high" of 125p.

A. P. Cement rallied 7 to 163p xd while R. Costain moved up 9 to 209p xd following trading news. Marley 84p, and Tunnel 'B,' 131p, put on 5 and 6 respectively.



Taylor Woodrow were supported up to 300p, a rise of 8. Richards and Wallington were 5 better at 65p, while the new nil-paid closed 6 higher at 19p premium.

ICI, which report first-quarter figures on Thursday, attracted a good business and closed 10 higher at 272p, after 273p. Storey Bros. responded to the chairman's statement with a rise of 5 to 38p, while Coalite and Chemical, ahead of to-day's results, put on 1½ more to 23p. Fisons rose 10 to 380p.

H. Samuel 'A' up

H. Samuel "A" featured Stores with a rise of 18 to 173p in active trading ahead of the preliminary statement; the price held following the results and *capital proposal*. British Home Stores were raised 13½ to 370 xd, while Marks and Spencer ended 7 higher at 238p, after 239p, and "Gussies" 'A' closed 10 to the good at 200p. UDS responded to Press comment *with a rise of 7 to 103p*, while F. W. Woolworth, ahead of to-day's first-quarter's figures, hardened 3 to 46½p. Shoes provided a dull feature in Booth (International), which gave up 4 to 28p on the profits setback.

Electrical leaders made good progress during a fairly active business and finished only a shade below the day's best. EMI, still drawing strength from its new X-ray scanner, closed 8 higher at 191p, after a 1975 peak *of 193p*. GEC ended similarly firmer at 123p, while Thorn Electrical scored a gain of 10 at 148p. BICC added 5 at 134p and Reyrolle Parsons 4 at 55p, while Plessey were finally 3 up at 78p, after 79p. BSR were prominently better in firm secondary issues at 80p, up 7, while Racal Electronics moved ahead 10 to 278p. Ever Ready improved 4 to 85p in front of to-day's annual figures, while Muirhead hardened 3 to 56p awaiting interim results, also due to-day.

Leading Engineerings attracted considerable support and often closed at the day's best. GKN were particularly popular, rising 14 to 256p, while Tubes gained 10p *at 288p both at 1975 peaks. Metal* Box were also 10 higher at 298p and John Brown hardened 6 to 119p. Elsewhere, Blackwood Hodge improved 7 to 152p and Babcock and Wilcox closed 6 better at 111p. Weyburn were supported up to 210p, a fresh gain of 10, while Howden improved 4 to 90p with the help of Press comment. Buying ahead of to-day's interim figures left RHP 3½ better at 62p.

Foods closed with widespread and often sizeable gains. Cavenham improved 7 to a 1975 peak *of* 132p, while Fitch Lovell were 3½ better at 67p and Tate and Lyle 5 higher at 270p. Linfood were quoted *ex the "rights" issue* at 167p, up 10, while the new nil-paid closed at 42p premium. Press comment stimulated activity in Cadbury Schweppes "New," 2 up at 10p premium. Fox's Biscuits continued to meet demand, finishing *4 better at 47p for a two-day rise* of 13. Rowntree Mackintosh moved up 6 to 130p, while Supermarkets had Hillards and Kwik Save both 7 higher at 80p and 200p respectively.

Rises of 5 were scored by Grand Metropolitan, 64p, and Trust Houses Forte, 110p, while Ladbroke improved 9 to 172p. J. Lyons "A" advanced 8 to 162p following Press comment. After last week's *speculative advance*, dealings were suspended yesterday in Court Hotels (at 32p) pending clarification of company's position regarding a possible offer.

Beecham advance

Miscellaneous Industrial leaders moved ahead on some good investment buying before ending a little below the day's best. Helped by favourable week-end Press comment, Beecham closed 11 *higher at 295p, after 296p*, ahead of to-morrow's results. Reed International jumped 17 to 286p awaiting Friday's results. A good market of late on the scrip issue and annual figures. Boots rose 12 more to 272p xd. Rank "A" added *10 at 175p and the new 70p paid* 7 at 105p, while Pilkington moved up 10 to 201p and Unilever 8 to 392p. A share-exchange bid (worth 48p) from Myson Group quickly followed by a recommended counter-bid of 40p nominal of Convertible Loan stock from Adwest Group left Sealed Motor Construction 11 up at 45p, after 47p; Myson added 2 at 80p, but Adwest closed 3 off at 120p. Favourable Press comment lifted Hanson Trust 11 to 152p, Gieves 16 to 50p xd. Foseco Minsep 7 to 170p xd, and Braby Leslie 6 to 45p. Hay's Wharf rose 8 more to 130p and Trafalgar House 7 to 115p, both ahead of interim *results, due Thursday. Still on the* second-half recovery and scrip issue, Stonehill moved ahead 8 to 91p. Thomas Tilling rose 6½ to 64½p on the chairman's good progress report at the AGM, while the indicated sharply higher *dividend with news of a share placing* at 30p left Berwick Timpo 3 up at 33p. Tranwood improved 4 to 15p following completion of the merger with Bensons' Hosiery. Gestetner "A" were quoted ex "rights" at 169p, up 9, to the new *10 per cent. Convertible Loan* which, in nil-paid form, closed at 26p premium.

Motor and kindred issues encountered a better trade than for quite some time past. Rolls-Royce Motor moved ahead sharply by 6½ to 61p, while the new fully-paid shares gained 7 also to 61p; it was thought that a line of stock had been cleared from the market. Elsewhere, Dowty gained 4 more to 105p in further response to last *week's order from the* Government for 23 Harrier jump-jets. Lucas Industries hardened just 2 to 122p.

Papers and Newspapers joined in the general advance. Associated Newspapers, 108p, and DRG, 129p xd, put on 7 apiece, while Thomson rallied 5 to 183p. British Printing were 1½ harder at 45p following Press comment, while Bunzl Pulp firmed a penny at 99p on preliminary figures. *A. and C. Black, however, came* on offer and fell 5 to a 1975 "low" of 53p.

Leading Properties improved during a good business, with English Property closing 4 firmer *at a 1975 peak of 90½p and Land* Securities 5 up at 221p. MEPC managed a gain of only 1 at 184p, after 186p. Regalian Properties were a weak exception in firm secondary issues, recording a loss *of 3 at 7p in reflection of the dividend omission and year's loss.*

However, Hammerson "A" *followed the full report with a* rise of 17½ at 443p xd, while Haslemere Estates, which is due to report annual results on June 19, gained 6 at 228p.

Oils below best

Oil leaders gained ground during a reasonable business, but finished a few pence below the day's best in reflection of the early dullness on Wall Street. Shell Transport, a good market of late on the better-than-expected first-quarter results, touched a 1975 peak of 334p before ending a net 6 higher at 331p. Despite adverse *week-end Press comment, British* Petroleum reversed last Friday's dullness and closed 7 up at 455p, after 458p; the first-quarter figures are expected a week on Thursday. Burmah closed unaltered at 28p, after 30p, while Royal Dutch, on the investment premium, shed ¼ to £27. Elsewhere, Ultramar were well favoured and rose 10 to 196p, while Berry Wiggins, on the increased profits, hardened 2 to 80p.

Up 16 last Friday following news of the planned take-over by British and Commonwealth (10 better at 202p), Leadenhall-*Sterling hardened 3 more to 50p*. Elsewhere in firm Trusts, those company's involved in the reorganisation of Sir Denys Lowson's investment empire continued to move ahead. First Re-Investments, 250p, and Nelson Financial, 300p, both added 10, while British Isles and General gained 5 to 340p. In a thin market, Caledonia Investments rose 13 to 165p. In Financials, week-end Press comment helped London Australian and General harden 2 to 43p and Lubok Investments put on 1½ to 38p.

A good day in Shippings saw prices forge further ahead, with *sentiment given a boost by week-end* Press comment. Ocean Transport, 113p xd, and Sheaf Steam, 155p, both improved 5, while Furness Withy added 9½ to 205p xd. Reardon Smith "A" improved 7 to 232p, but P & O Deferred were only 2 dearer at 120p.

A good investment demand helped Courtaulds rise 7 to 123p in quietly firm Textiles. Tobacco majors performed well with buying on overseas - earnings *considerations lifting* Bats 14 to 328p. Imps hardened 3 to 59p.

After recent strength, O.K. Bazaars "A" reacted 40 to 750p.

In quietly firm Rubbers, *Guthrie put on 8 to 285p with the* help of Press comment.

Golds gain ground

Gold shares strengthened in the wake of the bullion price, which *closed the day with a rise of $2.25* to $165.25 per ounce. Although Continental markets were closed, London and U.S. buying was sufficient to raise share prices to the extent that the Gold Mines index advanced 16.1 to 405.9, its highest since March 27.

Of the gains, Hartebeest put on £1¾ to a year's high of £28½ and *Libanon* rose £1 to £16. Among the lower-priced issues, "Sallies" jumped 35 to 610p, Loraine gained 25 to 415p and Deelkraal rallied 17 to 90p premium. Despite the now less attractive dividend prospects, Randfontein moved up £1¼ to £31½.

Financials also moved ahead, with the U.K.-registered issues gaining strength from Industrial market influences. Selection Trust rose 15 to 660p and Charter were *7 up at 204p, the latter shares* being helped by consideration of the proposed indirect stake to be taken in America's Inspiration Copper.

Union Corporation were 12 up *at 520p and RTZ gained 5 to 210p* in front of to-morrow's respective London meetings. Silvermines strengthened to 59p on consideration of their Irish offshore oil exploration interests with British Petroleum. Of the South African issues, Anglo American gained 15 to 480p.

Platinums were a little firmer on some Cape interest, with Potgietersrust rising 4 to 206p. Australians were virtually unchanged. In a quiet Tin group, London Tin gave up 7 at 185p.

Elsewhere, Consolidated Murchison continued to suffer from the drying up of recent Johannesburg buying and lost another 30 to 660p. "Tanks" advanced 15 to a year's high of 203p; the results are due on Thursday.

FINANCIAL TIMES STOCK INDICES

—	May 19	May 16	May 15	May 14	May 13	May 12	A year ago
Government Secs.	57.57	57.50	*57.39	57.35	57.20	56.82	58.17
Fixed Interest	57.14	57.17	57.14	57.14	57.07	56.84	57.85
Industrial Ordinary	353.8	341.8	335.5	330.9	332.3	339.8	299.7
Gold Mines	405.9	389.8	399.4	402.2	393.2	380.2	321.0
Ord. Div. Yld. %	5.86	6.06	6.11	6.25	6.21	6.09	6.55
Earnings Yld. % (full) (a)	17.21	17.79	18.08	18.30	18.25	17.88	16.93
P/E Ratio (net) (a) (b)	8.18	7.91	7.78	7.69	7.71	7.86	8.40
Dealings marked	6,981	5,652	7,547	8,771	8,665	7,525	†4,921
Equity turnover £m.	—	95.63	68.53	123.56	99.43	88.21	38.04
Equity bargains total	—	20,632	19,098	21,148	24,676	23,910	10,495

10 a.m. 344.7. 11 a.m. 347.8. Noon 351.5. 1 p.m. 351.1. 2 p.m. 352.2. 3 p.m. 353.4.

Latest Index 01-246 8026. Excluding regional exchanges.

(a) Based on 52 per cent. corporation tax. (b) Nil=8.14.

Basis 100. Govt. Secs. 15/10/26. Fixed int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942. * Corrected.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/3)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.31 (21/3)	50.63 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	355.5 (22/4)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	423.6 (26/2)	280.2 (20/1)	425.4 (13/11/74)	43.5 (26/10/71)

S.E. ACTIVITY

—	May 19	May 16
Daily—		
Gilt-Edged	116.7	118.0
Industrials	259.5	243.1
Speculative	77.5	76.4
Totals	158.9	151.4
5-day Av'rge		
Gilt-Edged	131.7	135.3
Industrials	280.2	283.1
Speculative	93.0	98.7
Totals	174.9	177.4

FT—ACTUARIES INDICES

—	May 19	May 16	May 15	May 14	May 13	May 12	A year ago
Industrial Group	137.18	132.32	131.54	129.62	131.18	134.20	120.93
500 Shares	148.74	143.87	142.77	140.65	142.46	145.30	130.61
Div. Yield pc.	5.92	6.12	6.17	6.25	6.17	6.05	6.23
P/E Ratio (net)	7.29	7.05	6.99	6.88	6.96	7.11	7.98
All Share	148.02	143.45	142.23	140.27	142.08	144.81	127.43
Consols yield pc.	15.20	15.18	15.18	15.17	15.28	15.51	14.03

AUTHORISED UNIT TRUSTS

(a) (g) Abacus Arbuthnot Ltd.
33, Fountain St., M/C. 061-236 9775/8

				Yield %
Giants	32.4	34.2	+0.8	4.30
Giants Accum.	33.8	35.7	+0.8	4.30
Growth Units	28.6	30.4	—0.2	4.30
Growth Accum.	31.0	32.8	+0.8	4.30
Income Units	29.2	31.4	+0.4	8.20
Income Acc. Uts.	32.2	34.4	+0.4	8.20
Eastern & Intl. Acc.	20.2	21.2	.....	2.70

(a) (g) The Crescent Group
Crescent Unit Trust Managers Ltd.
4, Melville Cres., Edinburgh 3. 031-226 4931
81, Fountain St., Manchester. 061-236 5685

				Yield %
Crescent Growth	18.2	19.5	+0.5	4.95
Cres. Internat'l.	39.5	42.2	+0.1	2.09
Cres. High Dist.	52.9	55.3xd	+0.7	7.27
Cres. Reserves	29.4	31.8	+0.4	4.41

Discretionary Unit Fd. Managers

(a) (c) Lawson Securities Ltd.
63 George Street, Edinburgh. 031-226 3911

				Yield %
Scots Resources*	70.8	75.8	—4.6	5.70
Gilt & Warrant	27.9	29.9	.....	1.74
High Yield**	104.6	115.6xd	.....	13.50
Accum. Units**	115.7	122.7xd	.....	13.50

(a) (z) Pearl Montagu T. Mgrs. Ltd.
114, Old Broad St., EC2P 2TH. 01-588 6464

				Yield %
P&M Growth Fd	18.2	19.6xd	+0.4	4.15
Accum. Units	19.8	21.3	+0.4	4.16
P&M IncomeFd.	22.3	24.0xd	+0.5	7.15

(a) (g) Slater Walker Tst. Mangmt.

				Yield %
S.W. Growth	60.8	65.1xd	—1.3	5.47
S.W. AssetsTrust	52.2	55.9	+1.7	6.80
S.W. Capital Acc.	37.3	39.9	+1.2	4.80
S.W. Financial Tst.	38.3	41.0xd	+1.2	3.73
S.W. High Inc.	53.2	56.9	+1.5	6.95

[INSURANCE, PROPERTY, BONDS PRICES PAGE 35]

OFFSHORE AND OVERSEAS FUNDS

Albany Management Co. Ltd.
P.O. Box 1549. Hamilton, Bermuda.

				Yield %
Albany Fd. Ltd.	$5.67	5.86	.....	—

Australian Selection Fund N.V.
Loan Agent, Pan Australian Int Mgt Ltd., 30, Red Lion Court, E.C.4. 01-353 2416

U.S.$10 shares	US$3.00	.....	—

Next sub. day May 22.

Banque de Bruxelles S.A.
2 rue de la Regence B 1000, Brussels

Free World Fund Limited
Butterfield Building, Hamilton, Bermuda

				Yield %
NAV Apr. 30	US$152.62	.....	—	

G.T. Bermuda Ltd.
Bk of Bermuda. Front St, Hamltn. Brmda

Berry Pc Fd May 14	US$24.24		.....	1.70
do. Pac Stlg May 14	128.80	130.80	.....	3.55
Berry Int Fd May 14	US$10.44		.....	1.05
GT Dir Fd. May 14	US$5.61		.....	1.90

Hill Samuel & Co. (Guernsey) Ltd.
8, Lefevre St., St. Peter Port, Guernsey, CI

Murray Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C.2. 041-221 5521

			Yield %
*Hope Street Fund	US$20.24	.....	—
†Murray Fund	US$6.15	.....	—

*NAV April 30 †NAV April 30.

Negit S.A.
10a, Boulevard Royal, Luxembourg.

NAV May 9 1975.	US$9.70	.....	—

Negit Ltd.
Bank of Bermuda Bldg., Hamilton, Brmda.

NAV May 2 1975.	6.02p	.....	—

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
98 7/16	90¼	Savings 3pc '65-75‡‡	[illegible]	[illegible]	3.05	9.57
99⅛	94 9/32	Exch. 6½pc 1976‡‡	97½	......	6.67	9.80
97¼	92 1/16	Treasury 6½pc 1976‡‡	96⅜	+⅛	6.74	9.66
98½	97	Victory 4pc 1976‡‡	98½	......	4.08	—
102	96⅞	Treasury 10½pc 1976‡‡	100 15/16xd	+3/16	10.40	9.86
95	88⅞	Treasury 6¼pc 1977‡‡	93¾	+3/16	6.66	10.00
91¼	86¾	Electric 3pc 74-77	90⅞	+¼	3.30	8.49
103 15/16	96⅞	Treasury 11½pc '77‡‡	101¾	+7/16	11.30	10.59
88 3/16	84	Treasury 3pc '77‡‡	86¾xd	+¼	3.46	9.05
88⅝	84⅜	Transport 4pc '72-77	87 11/16xd	+3/16	4.56	9.49
96 1/16	90½	Treasury 9pc 1978‡‡	95	+7/16	9.47	11.07
96 1/16	93¼	Treasury 9pc '78 'A'‡‡	95	+¼	9.47	11.09
100 7/16	96⅝	Treasury 10¼pc '78‡‡	98 3/16	+½	10.68	10.03
87⅞	79	Exchequer 5pc '76-78‡‡	85½	−⅝	5.85	10.20
103	94 7/16	Treasury 11½pc '79‡‡	100½	+⅜	11.44	11.30
79⅜	71⅜	Treasury 3pc '79‡‡	76⅝	+¼	3.91	9.73
81	73⅞	Electric 4¼pc '74-79	79⅛	+⅛	5.37	10.30
100 1/16	96	Treasury 10½% '79‡‡	97 11/16xd	+½	10.75	11.16
79⅜	71	Electric 3½pc '76-79	77¼xd	+¼	4.53	9.89
95	84	Treasury 9pc 1980‡‡	92	+¼	9.78	11.18
		Five to Fifteen Years				
79	68¼	Treasury 3½pc '77-80	74¾xd	+⅛	4.67	9.89
84½	71	Funding 5¼pc '78-80‡‡	79⅝xd	+⅛	6.60	10.58
75½	66⅛	Treasury 3½pc '79-81	72¾	+⅛	4.87	10.06
91⅛	72⅝	Do 8½pc '80-82‡‡	87⅞	+¼	10.00	11.81
104½	86⅝	Treasury 12pc 1983‡‡	99¾	+¼	12.29	12.46
78	58	Funding 5½pc '82-84‡‡	72⅞	+⅛	7.75	10.72
85¼	61⅜	Treasury 8½pc '84-86‡‡	81⅛	+⅛	10.90	12.13
73¼	51⅜	Funding 6½pc '85-87‡‡	66½xd	+⅛	9.80	11.81
76¼	53	Treasury 7¾pc '85-88‡‡	71⅜	+⅛	11.24	12.74
46⅛	32⅞	Transport 3pc '78-88	41¼	......	7.33	12.18
55¼	39¾	Treasury 5pc '86-89	50¼	......	10.04	12.66
		Over Fifteen Years				
75½	53¾	Treasury 8¼pc 87-90‡‡	66⅝xd	......	12.27	13.36
55¾	41⅜	Funding 5¾pc '87-91‡‡	51	......	11.43	13.36
97½	89½	Treasury 12½pc '92‡‡	90¼	......	14.22	14.30
54½	40½	Funding 6pc 1993‡‡	48¼	......	12.59	13.97
75¼	54⅛	Treasury 9pc '94‡‡	64¾xd	......	13.91	14.46
34⅞	24¼	Gas 3pc '90-95	30¼xd	......	9.97	12.55
102	75	Treasury 12¾pc '95‡‡	88	......	14.52	14.62
71⅛	54¼	Treasury 9pc '92-96‡‡	65⅛	......	14.17	14.62
32¾	26½	Redn. 3pc '86-96	29¾	......	10.18	12.53
69⅛	53¾	Treasury 8¾pc 1997‡‡	63⅛	......	14.29	14.68
59⅞	40¾	Treasury 6¾pc '95-98‡‡	49	......	13.87	14.50
75⅝	54¼	Treasury 9½pc 1999‡‡	69	......	14.45	14.71
31⅜	22	Funding 3½pc '99-04	28½	......	13.01	13.78
61⅛	47	Treasury 8pc '02-06‡‡	56	......	14.54	14.67
42⅞	33	Treasury 5½pc '08-12‡‡	39⅛	......	14.45	14.55
59⅝	43⅛	Treasury 7¾pc '12-15‡‡	55⅛	......	14.70	14.73
		Undated				
29¾	22⅛	Consols 4pc	27⅜	......	15.13	—
27¼	20⅛	War Loan 3½pc‡‡	23½xd	......	14.67	—
27½	22⅜	Conv. 3½pc '61 Aft.	24¾	......	14.41	—
22	17½	Treasury 3pc 66 Aft.	20	......	15.28	—
18¼	14¼	Consols 2½pc	16¼	......	15.23	—
18⅛	14½	Treasury 2½pc	16⅝	......	15.36	—

**INTERNATIONAL BANK

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
66¼	58	5pc Stock '77-82	65¼	......	7.82	12.78
96¼	91½	5pc Stock 1976	96	......	6.33	11.65

**CORPORATION LOANS

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
86¼	80¼	Birm'ham 9¼pc '79-81	84	+½	11.38	13.85
91½	87	Bristol 6½pc '75-77	90¼	+¼	7.20	13.03
87½	82¾	Essex 5½pc '75-77	86¾	+¼	6.34	12.86
94⅞	90	G.L.C. 6¾pc 1976	93½	+⅛	7.22	12.60
90½	85	Do 7¼pc 1977	89¾	+¼	8.10	13.20
75¼	63	Herts. 5¼pc '78-80	70xd	+½	7.50	13.72
89½	83½	Liverpool 7pc '76-77	88¼	+¼	7.93	13.01
89½	71	Do. 9¾pc '80-84	84xd	+½	11.65	12.82
84½	77¼	Lon. Corp. 6½pc '75-78	82½	+¼	7.88	13.34
78½	65½	Do. 9¼pc '84-85	75¾	+¼	12.42	13.97
85¼	78¾	L.C.C. 6pc '75-78	83½	+½	7.18	13.40
72½	59½	Do 5½pc '77-81	66¼	+½	8.38	13.77
64	48	Do 5½pc '82-84	58¾	+¾	9.71	14.00
58½	40¼	Do 5½pc '85-87	49½xd	+½	11.08	14.38
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (MISCEL.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

S.E. List Premium [illegible] (based on $2.2020 per £)

CANADIANS

[illegible]

S.E. List Premium [illegible] (based on $2.3775 per £)

Conversion factor 0.5579 (0.5618)

††BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

MINES

CENTRAL RAND

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£14¼	780	Durban Deep R1	£12¼	+1½	Q110c	φ	5.8
£14	860	E. Rand Prp. R1	£12¼	+¼	Q115c	φ	[illegible]
105	55	Rand Leases 25c	65	......	—	—	—
£33½	£22	Randf'n Est. R2	£32¾	+1¼	—	—	—
500	260	West Rand R1	365	+15	Q40c	1.3	7.2

EASTERN RAND

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
370	235	Bracken R1	325	+10	†Q51c	1.1	10.1
23	13	Daggafontein 50c	15	......	—	—	—
105	68	East Dag. R1	87	+5	Q25c	φ	18.5
140	140	Grvlt. Areas 5c	140#	......	—	—	—
380	210	Grootvlei 20c	315	+15	Q32c	1.1	6.5
770	410	Kinross R1	770	+25	†Q50c	1.5	4.2
198	207	Leslie 65c	169	+14	†Q22c	1.6	6.7
550	325	Marievale 25c	420	+20	Q84c	1.1	12.9
725	380	S. African Ld. 35c	619	+35	Q85e	1.2	9.0
265	175	Vlakfontein R1	220	−5	Q35c	1.3	10.2
£12⅝	840	Winkelhaak R1	£12½	+¼	†Q94c	1.2	2.7
120	65	Wit. Nigel 25c	93	+10	Q1c	10.9	0.7

FAR WEST RAND

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£11	680	Blyvoor 25	940	+20	Q90c	1.3	6.2
£21½	£17	Buffels R1	£20½	+¾	†Q160c	1.4	5.2
£24¼	920	Doornfontein R1	£12½	−¼	†Q100c	1.4	5.2
£11¼	725	East Drie R1	£11¼	+¼	Q55c	1.8	3.1
£11	725	Do. Comb. Units	£10⅝	+¼	—	—	—
450	295	Elsburg R1	435	+30	Q45½c	1.2	7.3
£28½	£16	Hartebeest R1	£26½	+1¼	†Q160c	1.7	3.6
£13¼	815	Kloof Gold R1	£11¼	+¼	‡Q79c	2.3	‡
£16	875	Libanon R1	£16	+1	†Q100c	2.0	4.0
£12¾	960	Southvaal 50c	£11¾	+½	Q9c	φ	0.5
475	340	Stilfontein 50c	435	+15	Q65c	1.3	9.6
£33¼	£21	Vaal Reefs 50c	£31	+1	Q220c	1.7	4.5
£11½	650	Venterspost R1	960	+100	†Q75c	1.7	5.1
£53	£34	W. Drie R1	£51¼	+¾	†Q400c	1.2	5.1
745	450	Western Areas R1	660	+25	Q70c	1.4	[illegible]
£22½	£15	Western Deep R2	£22½	+1	Q150c	φ	4.8

MISCELLANEOUS

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
52	17	Charter'hall 5p	50	......	—	—	—
115	75	Cons. Miner 51	75#	......	—	—	—
730	360	Cons. Murch. 10c	660	−30	Q130c	2.2	12.7
53½	29½	Loraine	39½	......	—	—	—
19	13	[illegible]	16	......	—	—	—
375	200	Northgate C$1	330	......	Q65c	1.0	8.5
210	90	R.T.Z.	210	+5	19.9	4.4	3.7
135	47½	Sabina Inds C$1	110	−2	—	—	—
70	51	Stanford Mines	62	−3	—	—	—
£12½	875	Tara Explrn $1	£11⅜	......	—	—	—
75	58	Yukon Cons C$1	67	......	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers adjusted to corporation tax of 52 per cent. or imputation system and 35 per cent. ACT. P/Es calculated on "net" distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on increased ACT, are based on middle prices, are gross and allow for value of declared distributions and rights.

Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- φ Figures or report awaited.
- †† Banks and Insurance reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- •• Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment.

A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £285 per annum for each security

FINANCIAL TIMES

Tuesday May 20 1975

Dutch buy troubled secondary bank

BY MARGARET REID

NORTHERN Commercial Trust, the unquoted Manchester-based banking concern which has received more than £30m. of support loans from the big banks in the secondary banking upheaval, is being bought for £2.5m. by Algemene Bank Nederland, one of the largest two Dutch banks.

Authority Investments, the company effectively controlled by the family interests of Mr. Harold Lever, Chancellor of the Duchy of Lancaster and his relatives, owns 26.8 per cent. of NCT.

It is part of the agreement with Algemene Bank that the London banking operations of NCT are to be taken over by Authority's subsidiary, Knowsley, which is a banking concern under Section 123 of the Companies Act 1967.

Under this arrangement, Knowsley is to buy NCT's London loan book, much of which is in property lending, for some £36m. The bulk of this will be applied by NCT to repaying about £32m. to Barclays Bank, through which the big banks' support loans have been given, and £2.3m. to Anglo-Portuguese Bank.

The big banks will now, in effect, make available to Knowsley the support lending provided, up to now, to NCT. In a letter to shareholders of Authority, the chairman, Sir John Foster, says: "Your directors have secured an assurance of adequate facilities for a sufficient period from the Support Group of Clearing Banks under the aegis of the Bank of England."

It was disclosed yesterday that NCT incurred a loss of £1.8m. in the year to March 31, 1975, after additional provisions of £2.3m. for bad and doubtful debts and of £895,000 in respect of borrowings in Swiss francs, and after a £103,000 loss on investments.

Extending

In 1973-74, there were provisions of £1.8m. for bad and doubtful debts and of £482,000 on the Swiss borrowings. Additional costs of £750,000 in relation to the Swiss loans are expected by 1976.

Algemene Bank, which already has a London branch, plans to use NCT to extend its banking services in the Manchester area, where it "expects to assist in the promotion of trade between companies in the Manchester area and countries overseas where it is active."

It was first reported in the Financial Times on January 27 that talks were on which could lead to Algemene Bank's taking over a large part of NCT, notably its Northern business.

Under the agreed take-over deal, Algemene Bank is bidding 15p cash for each NCT ordinary share, and 2p for every 17 partly-paid shares. This will buy out shareholders at only a few pence less than the average 18.7p at which they acquired their shares.

Some 26 per cent. of the capital is held by the family of Mr. Sidney Friedland, the managing director, who is staying on. Other stakes are owned by a range of institutions, including the Crown Agents, Commercial Union Assurance, Eagle Star Insurance and Bankers Trust International.

NCT had been on the point of going public in November 1973 through an offer for sale of shares when the crisis touched off in the seconary banking field by the troubles of London and County Securities caused the flotation to be put off. At the price of 80p a share at which a rights issue was made in 1973, the company would then have been worth some £13m., compared with the present £2.5m. take-over price.

Terry Kirk

A steelworker and a police sergeant share a joke during a protest march in London over warnings of redundancies in the British Steel Corporation.

Oil States reconsider moves for taking over production assets

BY ADRIAN HAMILTON

DISCUSSIONS on the relationship between Saudi Arabia and the oil companies operating there are to resume in Saudi Arabia to-day between representatives of the Aramco consortium and the Government.

Officials of BP and Gulf and the Kuwait Government are also meeting this week at the request of the Kuwaitis to discuss details of the latter's demand for full ownership of the oil companies' producing assets in the country.

The meetings come at a time when there are growing signs of a new evaluation of the whole movement towards full ownership of production in the Middle East states.

While Qatar and Kuwait, in public, at least, have taken the lead in the move recently, other countries, like Abu Dhabi and Libya, have expressed their satisfaction with participation as it now stands. Other states, such as Iraq, have barely mentioned the subject since last year.

In this context, the talks in Saudi Arabia could be particularly important. The largest oil producer in the Middle East, Saudi Arabia in the last two years took a dominating role in participation discussions.

Over the last few months, however, it appears to have eased its original demands for full and immediate control and recent talks with Aramco are thought to have displayed little sign of urgency.

Although still formally seeking full ownership of oil production, the Saudis have expressed a desire to see Aramco continue to play a major role in managing production and associated gas and oil facilities and investing further in exploration and development.

The main points of discussion so far have been the fee which Aramco would be paid for its services and Aramco's continued access to oil supplies.

Pointer

Whether the talks will take these issues much further, or whether they will continue in the relaxed atmosphere of previous discussions or whether the Saudis will change course and leave the companies' partial ownership of the concessions is still unclear.

But the results could provide a significant pointer to Saudi Arabia's intentions towards full control and the extent of the margin it will allow the companies.

The Kuwaiti meetings in Vienna, meanwhile, seem to be taking place in a fairly low key atmosphere following the suspension of higher level talks between the two sides earlier this month.

Thatcher to launch economic attack

BY RICHARD EVANS, LOBBY CORRESPONDENT

THE "SHADOW" Cabinet last night decided to launch a concerted attack, led by Mrs. Margaret Thatcher, on the Government's economic policies in Thursday's Commons debate.

Mrs. Thatcher had previously decided against taking part in the debate and there was even a prospect that the Opposition would not force a vote even though they had been pressing for an economic debate for several weeks.

But, following widespread party criticism of the leadership's tactics, the "shadow" Cabinet changed tack dramatically. What will amount to a motion of censure on the economic policies of the Government will be tabled to-day.

Mrs. Thatcher's decision to take part — she will open the debate—means that Mr. Harold Wilson will almost certainly speak for the Government. It will be the first major parliamentary confrontation between the two as party leaders. The other front-bench speakers are expected to be Mr. Denis Healey, Chancellor of the Exchequer, and Sir Geoffrey Howe, "shadow" Chancellor.

Another "shadow" Cabinet meeting is likely to-morrow, to decide detailed tactics for the debate. But the broad lines of the Opposition attack are already apparent from recent speeches by Mrs. Thatcher and other party leaders.

Mrs. Thatcher has already urged the Government to curb inflation by cutting public spending drastically, by revising the wage guidelines of the social contract, and by encouraging the tackling of union militancy at its source.

Government Board approves plan for Lockheed loan guarantee

BY GUY DE JONQUIERES

NEW YORK, May 19.

LOCKHEED AIRCRAFT'S complex plan for new borrowing arrangements with its banks has cleared an important hurdle with the granting of approval by the Government Board administering the $250m. loan guarantee to the aerospace concern.

The guarantee, which was granted by Congress in 1971 to help Lockheed out of a financial crisis, was due to expire at the end of this year. A two-year extension by the Government Board had been an essential precondition to the completion of Lockheed's new bank loan agreement.

Under the agreement, the banks will extend their loans to Lockheed for two years and reduce the interest rate charged on the portion not covered by the guarantee to 4 per cent. It has also been agreed that between $50 and $75m. of Lockheed's bank borrowings will be converted into preferred shares.

Some aspects of the plan, including the issuing of new preferred shares and of ten year warrants to be held by the banks, will have to be approved by Lockheed shareholders at its annual meeting on July 18. No serious opposition to the proposals is expected.

At present, Lockheed has drawn down $195m. under the guarantee, bringing its total bank borrowings to $595m. Its total bank lines of credit amount to $725m., including a $75m. tranche arranged last year.

Lockheed and its banks have said that the credit agreement is designed to provide adequate financing for all its current programmes. In the commercial area, the most important of these is the L-1011 TriStar aircraft, which is powered by Rolls-Royce engines.

The new borrowing agreement, which was announced earlier this month, results from negotiations which began after the collapse last February of a plan under which Lockheed would have undergone a major financial restructuring with the aid of the Textron conglomerate of Rhode Island.

The bank agreement resembles the provisions of the earlier plan in several respects. The chief difference is that Lockheed will not benefit from the injection of $100m. of new equity capital which Textron was proposing to make.

Assuming that the bank borrowing agreement encounters no unforeseen obstacles, it is expected to assure Lockheed's financial stability until the end of 1977. In the longer-run, however, some people on Wall Street believe the aerospace concern may still require a greater strengthening of its equity base than is provided by the agreement.

Control of bank loans 'virtually impossible'

BY ANTHONY HARRIS

IN AN effort to create room for expansion even if the Bank of England re-introduces its "corset" restrictions; some banks may now have started deliberately creating interest bearing deposits by selling certificates of deposit to the discount market. (The "corset" was a Bank of England rule—suspended on February 28—limiting the growth of such deposits.)

As a result, according to stockbrokers W. Greenwell, the authorities may find it virtually impossible to control the growth of bank lending by present methods once the demand for loans revives.

Only answer

The only answer in such an emergency might be to revive direct controls on bank lending, thus negating the whole reform of the monetary system initiated in 1971 by the circular "Competition and Credit Control."

"The present mechanism is unsatisfactory and inadequate" Greenwells concludes in its latest Monetary Bulletin

"We regard the deficiencies as being of major importance. With an inadequate control mechanism, the chances of controlling the underlying growth of M3 are nil." (M3 is the broadly-defined money supply, including time deposits and certificates of desposit, held outside the banking system.)

"Instead of waiting for failure, it would be better to alter the credit control mechanism now."

The bulletin explains that there are two restrictions on the growth of bank lending and the money supply, and two corresponding approaches to avoiding the effects of such restrictions.

At present, the Bank of England lays down minimum ratios of reserve assets which banks must hold against their deposits, and can squeeze the banks by mopping up such assets through calls for special deposits.

An alternative approach is to restrict interest bearing eligible liabilities, or IBELs, as they have become known. This is designed to prevent the banks from bidding for funds for lending above certain prescribed limits.

The banks can create a cushion against these restrictions in two general ways: by holding "hidden" reserves — money market deposits which can quickly be switched into qualifying reserve assets—and by creating IBELs in the money market so as to establish a high base-line against which any future growth can be measured.

Past year

Greenwells estimates that the "hidden" reserves held by the banks in the discount market have grown by £600m. in the past year—enough to back new lending of £4.8bn.

It recommends that the present system be scrapped in favour of a simple set of ratios, laying down how much money can be lent to the private sector against a given volume of deposits.

Weather

U.K. TO-DAY

DRY, with sunny periods.

London, Midlands, N.W. and Cent. N. England

Fog patches early. Dry. Sunny. Wind variable light. Max. 19C (66F).

Wales, Lakes, I. of Man, N.E. England

Fog patches early. Dry. Sunny. Wind variable light. Max. 17C (63F).

E. Anglia, E. England

Fog patches early. Dry. Sunny periods. Wind variable, light but moderate sea breeze later. Max. 19C (66F), but cooler near coast.

S.E., Cent. S. and S.W. England, Channel Is.

Fog patches early. Dry. Sunny. Wind E., light but moderate near coast. Max. 19C (66F), but cooler near coast.

N.E. Scotland, Orkney, Shetland

Cloudy with occasional rain, becoming brighter and mainly dry. Wind W., moderate. Max. 9C (48F).

Borders, S.W. Scotland, N. Ireland

Mainly dry with sunny intervals, becoming rather cloudy. Wind variable light, becoming S.W., moderate. Max. 17C (63F).

Edinburgh, Dundee, Glasgow, Argyll

Sunny intervals but becoming cloudy with outbreaks of rain later. Wind S.W., light or moderate. Max. 15C (59F).

Aberdeen, Cent. Highlands, Moray Firth, N.W. Scotland

Rather cloudy with occasional rain becoming brighter but cooler. Wind S.W., moderate. Max. 13C (55F).

Outlook: Mainly dry with sunny intervals but some rain at first in N.E. England. Rather cool in N. and E., otherwise temperatures near normal.

Lighting-up: London 21.21. Manchester 21.39, Glasgow 22.00. Belfast 22.00.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Alexandria.	S	23	73	Luxembg.	F	17	63
Amstrdm.	S	13	55	Madrid	C	14	57
Athens	F	26	79	Manchstr.	S	17	63
Bahrain	S	31	88	Melbourne	C	20	68
Barcelona	C	20	68	Milan	S	28	82
Beirut	S	22	72	Montreal	S	19	66
Belfast	F	18	64	Moscow	R	24	75
Belgrade	S	26	79	Munich	S	24	75
Berlin	C	18	64	Newcastle	F	19	66
Birmghm.	S	17	63	New York	S	20	68
Bristol	S	17	63	Oslo	S	18	64
Brussels	C	11	52	Paris	F	16	61
Budapest	R	24	75	Perth	S	22	72
B. Aires	S	15	60	Prague	S	25	77
Cairo	S	30	86	Reykjavik	S	7	45
Cardiff	S	16	61	Rio de J'o	C	23	73
Cologne	C	14	57	Rome	S	26	79
Copnhagn.	R	12	54	Singapore	S	30	[illegible]
Dublin	S	16	61	Stockholm	F	20	68
Edinbgh	F	20	68	Strasb'g.	F	24	[illegible]
Frankfurt	C	[illegible]	[illegible]	Sydney	C	19	66
Geneva	F	24	75	Tehran	S	26	79
Glasgow	F	17	63	Tel Aviv	F	22	72
Helsinki	S	21	70	Tokyo	R	14	57
H. Kong	C	29	84	Toronto	S	21	70
Jo'burg	S	20	68	Vienna	F	24	75
Lisbon	C	15	59	Warsaw	F	26	79
London	S	16	61	Zurich	S	24	75

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Algiers	C	20	68	Jersey	C	13	55
Biarritz	C	19	66	Locarno	S	26	79
Blackpool	S	16	61	Luxor	S	35	95
Bordeaux	F	24	75	Majorca	C	20	68
Boulogne	F	13	55	Malaga	C	20	68
Casablnca.	F	20	68	Malta	S	24	75
Cape Tn.	S	[illegible]	[illegible]	Nairobi	S	20	68
Corfu	C	[illegible]	[illegible]	Naples	S	28	82
Dubrovnik	S	25	77	Nice	F	26	79
Faro	C	15	59	Nicosia	F	22	72
Florence	S	21	[illegible]	Oporto	C	17	63
Funchal	S	20	[illegible]	Rhodes	R	22	72
Gibraltar	F	18	64	Salzburg	S	[illegible]	[illegible]
Guernsey	C	12	54	Tangier	C	15	59
Innsbruck	S	27	81	Tenerife	S	16	61
Inverness	F	18	64	Tunis	S	26	79
I. of Man	S	12	[illegible]	Valencia	C	21	70
Istanbul	C	19	66	Venice	S	27	81

S—Sunny. R—Rain. C—Cloudy. F—Fair.

Wealthiest own far less now

BY MICHAEL BLANDEN

A MARKED reduction in the concentration of wealth at the top end of the scale is shown by new figures published by the Inland Revenue. Over the period 1961-73, the proportion of wealth held by the richest individuals has fallen significantly.

The share of the wealthiest 1 per cent. of wealth-owners was 28.4 per cent. in 1961, but by 1973 this had fallen to 21.8 per cent. The share of the top 2 per cent. had fallen from 37.1 per cent. to 27.7 per cent. over the period, while the richest 5 per cent. accounted for only 38.8 per cent. in 1973 against 50.6 per cent. in 1961

The figures published by the Inland Revenue compare with estimates recently given by Mr. Joel Barnett, Financial Secretary to the Treasury, that the top 1 per cent. of the population accounted for 25-30 per cent. of the total wealth and the top 5 per cent. for between 45 and 55 per cent.

The Inland Revenue figures will provide further evidence for the House of Commons select committee which is examining the proposed wealth tax. But the Revenue itself recognises the limitations of the figures, which have been widely criticised recently as giving a misleading impression of the extent of the concentration of wealth in the U.K.

It is pointed out that the wealth estimates, based on estate duty data, suffer from the same problems of compilation. There are also certain types of wealth not fully shown by the figures. These include assets of estates below the duty threshold (currently £15,000), where it is thought likely that there is often under-valuation.

The figures show that 46.2 per cent. of the population aged 15 and over, a total of 19.4m., own total personal wealth of £163.9bn. Over half of this is held by the richest 10 per cent. of wealth-owners.

The top 25 per cent. of wealth-owners accounted for 72.6 per cent. of the total, while the wealthiest 50 per cent. owned 91.4 per cent. of the total.

THE LEX COLUMN

Pushing into new high ground

Yesterday's strength pushed the All-Share Index to a new 1975 high, and although the F.T. 30-Share Index remains a fraction below its peak of just under a month ago its rise of almost 7 per cent. in the past three trading sessions emphasises the persistence of institutional demand. The sheer weight of money arguments are evidently overcoming referendum uncertainties, though the latter appear to be interrupting the flow of rights issues, which is likely to be rather intermittent between now and June 5. For hungry institutions even rights issues have not proved a very effective way of getting much stock on to their books, for in a rising market the underwriters are not being called upon. Meanwhile gilts are holding fairly steady, with some positive action in the shorts yesterday on the news of a general round of U.S. prime rate cuts to 7¼ per cent., with the possibility of a further decline to the 7 per cent. level before long.

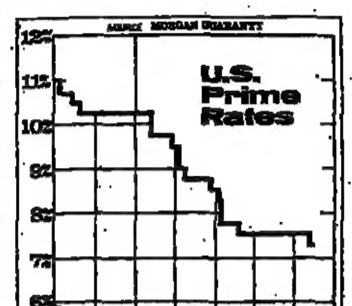
In the U.S. the recession is still depressing the monetary aggregates, allowing the Fed to ease down interest rates without overstepping its M1 growth targets. The trend could go a little further before the economy starts to revive and the monetary pressures reverse.

In the U.K. monetary conditions are also slack, despite the somewhat conflicting evidence of M1 and M3. Greenwell's latest Monetary Bulletin says bluntly that the growth of the money supply is now excessive —M1 has been accelerating in money terms, and is thus accommodating inflation rather than restraining it. Meantime M3 is being distorted by the pile-up of public sector short-term debt and building society deposits, in contrast to the sluggishness of deposits in banks, which are reluctant to accumulate unwanted money. One sign of buoyant money supply, of course, is that the long-term capital markets tend to be firm.

Index rose 12.0 to 353.8

Property blues

Two more secondary financial groups come limping through the 1974 assault course. Regalian Properties ends the year with attributable losses of £2.1m.—after deconsolidating an unidentified but sizeable loss maker. Shareholders' funds totalled just £1.1m. at the start of the year, but there is still some net worth left in the books. One property in Brighton has apparently produced a substantial surplus, estimated at £1½m. a year ago, and the group has not felt it necessary to make any provisions against the £20m. of flats acquired from First National Finance — although interest roll-ups will have significantly increased the deferred



purchase consideration, which amounted to £17m. last year. The shares took a less bland view, dropping another 3p to 7p where FNFC's 31 per cent. holding is valued at £95,000.

FC Finance is also in the red for 1974 with pre-tax losses of £127,000, against a profit in 1973 of £1.47m. However, the accounts of the group's ultimate parent company (CWS) provide more confident reading with statements like a "return to profitability" at FC following the improved climate since the year end. After provisions totalling £1.51m. against property lending, FC lost £737,000 in the second half of last year; and the shares shed 5p to 47p yesterday, with the final dividend duly going to the wall.

See also Pages 26 and 27

Northern Comm.

Algemene Bank's bid for Northern Commercial Trust represents the latest thread to be unwound from the secondary banking tangle. NCT is to be split in two, and Algemene will acquire the Manchester half for just over £2½m. cash. For that, it gets a commercial lending business with shareholders' funds of £4.6m., almost no property lending, and not too much gearing — outstanding loans total £30m. The deposit base seems secure, and profits might be expected to run at, say, £½m. or more a year.

So it will be content with the deal, and so will outside shareholders in NCT, who get 15p per share against a cost of 18.7p for those who bought in 1969 and subsequently subscribed to the rights issue. But Authority Investments, which owns just over a quarter of NCT, will be subscribing the proceeds from its holding to a small banking subsidiary, which is taking on NCT's London loan book—totalling over £36m., and nearly all related to property. This will obviously still have to rely on lifeboat money, to the tune of about £32m.

In other words, the clearers have evidently decided to take an accommodating line on this occasion. They must have realised that no one was going to buy the whole of NCT, so that whatever happened the lifeboat would be stuck with the property loans. By contrast, Manchester is a viable business on its own, in which more than one third party has expressed an interest. Presumably the next item on the agenda will be a more or less sharp contraction of the London business.

Sealed Motor

It was a perplexing Monday morning for shareholders in Sealed Motor Construction: two bids came in rapid succession and their directors are recommending the lower offer. Myson International is putting up 48p (£2.6m.) in paper while Adwest Group is bidding 40p in a convertible which—with its long date and short conversion period—was being priced below par by the market last night. Still, the plain fact is that the SMC share price jumped 11p to 45p yesterday just two weeks before the publication of what will be a very gloomy set of 1974-75 results. As for the suitors, Adwest can point to its steadier profits record and clean balance sheet. But Myson's marketing orientation matches the policy at SMC where returns on capital employed have averaged around 45 per cent. over the past four years. And Myson's annual meeting this Thursday is due to reveal that the group has solved its short-term gearing problems with substantial medium-term bank financing.

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Wilson plea over wages

Liberal spokesman on economic affairs, welcomed Mr. Jones' proposal for limiting all pay increases to a flat rate amount and said that it had the support of his party. He added, however, that the question of enforcement was crucial.

Roy Rogers, labour correspondent writes:

Mr. Jones's proposals, which are not TUC policy, although they, together with other suggestions, will be discussed at the next meeting of the TUC Economic Committee, continue to receive mixed reactions from other unions, many of which fear the loss of traditional pay differentials.

Support for Mr. Jones's flat-rate pay increases idea did, however, come from an unexpected quarter, the second largest Civil Service union

Addressing the Institution of Professional Civil Servants' annual conference yesterday, general secretary Mr. Bill McCall declared it would be "irresponsible" to dismiss the proposals out of hand.

The craft-based unions' opposition to the plan was emphasised by a statement from the Electrical and Plumbing Trades Union national executive, which declared that while Mr. Jones' plan was worthy of consideration, the EPTU had never accepted any policy which restricted wage rises to flat rate increases.

Even as the TUC-Labour Party liaison committee was meeting, the annual conference of the National Union of Public Employees was drawing up demands for 33 per cent. increases for 1.25m. local government and hospital manual workers who will be among the first in the autumn round of annual pay negotiations.

To-morrow's monthly TUC general council meeting is expected to underline the need for unions to abide by the social contract and reaffirm the TUC's rejection of any form of statutory wage control.

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